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ICELAND

A Geographical, Political,
and
Economic Survey

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REVISED BY HRÓLFUR ÁSVALDSSON

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I. NATURE.

Position and Physical Features.

Iceland is a large island situated in the north Atlantic, at lat. 63° 24′ to 66° 32′ N and long. 13° 30′ to 24° 32′ W or west of Greenwich. The length of the island from east to west (Gerpir—Öndverðarnes) is 490 kilometres, the breadth from south to north (Dyrhólaey—Siglunes) 312 kilometres. The area is about 103,000 square kilometres.

The greatest part of the country is highland, whereas only about one fifth is lowland. The highland consists of a 700—800 metres high plateau with higher mountain ranges or single mountains rising up from it. On the highest highland ridge from east to west many of the largest mountain domes are covered with glaciers. The glaciers are on the average 1,600 to 1,900 metres high. About one eighth of the country is covered with glaciers. The largest of these glaciers is the Vatnajökull, 8,250 square kilometres or about three fifths of all the glaciers of the country and the largest glacier in Europe. The Öræfajökull, Iceland's highest mountain, 2,119 m., branches off from Vatnajökulll on the south.

Numerous valleys intersect the highland, but continuous lowland areas are only to be found in a few places along the coast. The largest lowland area stretches about 70 kilometres up into the country from the western part of the south coast with occasional mountains rising up from it. The size of this lowland area is about 4,000 square kilometres. The largest lowlands of the country have been formed through the sinking of the land and the smaller ones by the deposits of the rivers.

Geological Formation.

The country is mainly formed of basalt layers which were formed about the middle of the New Age, especially during the miocene period. Over the basalt strata there are extensive layers of dolerite, hardened glacial clay and heaps of tufa. These layers have been formed towards the end of the New Age, the pleistocene period. On top of all the layers there are also younger ones, lava, which have appeared after the ice age, or layers of clay, loose stones and sand which have been formed through the influence of water, glaciers and air.

Volcanoes and Lava.

A country like Iceland, mainly formed by volcanic activity, is naturally rich in volcanoes. In few places on the earth are there so many volcanoes in such a small area. The craters are of various kinds, cone- or pyramid shaped mountains, large lava mounds (heaps) or a series of craters, sometimes on level ground. Some of the craters are covered by thick glacier and when there is an eruption in these places tremendous glacial bursts take place, causing great damage and disturbance to the land which they flood.

The best known volcano in Iceland and one of the best known in the world is Mount Hekla (1,500 m). About 20 eruptions have taken place in Hekla within historical times, the last one in 1947—1948. It began on March 28th and lasted uninterruptedly for one year, but still more time elapsed before all was quiet again. Considerable damage was caused in the nearby countryside by volcanic ashes and pumice. The greatest eruption which has ever taken place since the settlement of the country occurred in 1783 from the so-called Laki-craters, a 30 kilometres long fissure south west of Vatnajökull. The lava flowing from the craters laid waste flourishing districts and the eruption caused great famine over the whole of the country.

All these eruptions have formed extensive lava-fields which cover about one ninth of the country. Most of these lava-fields are of the same material as basalt. Some of the lava-fields are already more or less covered with vegetation, others are mostly or entirely denuded. The largest of these lava-fields is the Ódáðahraun, 3,700 square kilometres.

Subterranean Heat.

Subterranean heat in Iceland does not show only in eruptions and volcanic activity. A large number of thermal springs come up to the surface, especially in the volcanic areas. The water in these springs varies as regards temperature and can reach up to boiling point (100° C) at the surface. Some of these thermal springs are geysers and spout at definite intervals, hurling water and steam high into the air. Of these the Great Geysir is one of the greatest and most remarkable, one of the most famos geysers in the world. It began spouting again in 1935 after lowering the level of the water in the basin, but then it had not functioned for some years. Since the Great Geysir began spouting again the highest column of water measured was found to be about 70 m.

There are at least 1500 thermal springs in about 300 places, mainly in the Westand Northland with a total flow of at least 1500 liters pr. second. The total heatflow is estimated 375 million kg° (kilogramcalories) pr. hour, the heat 75 degrees on Celcius on the average.

Hot springs which mainly produce steam are called steam vents. Most of them are to be found in the middle of the country and in the southwestern part. The measuring of the steamflow is difficult to make, and it has not been carried out, but it is considered to be about 500 tons pr. hour. The steam vents are all rather small, only few of them having more steamflow than 10 tons pr. hour.

As far as can be estimated the total heatflow of all the thermal springs in the country is about 2 billion kg° pr. hour.

Borings for subterranean heat have been carried out in various places. At the end of 1948 the total depth of all wells was 40 km. The flow in these wells is about 500 liters pr. second and 25 tons of steam pr. hour.

Of late years the natural heat of the earth has been used in greenhouses and nursery farms which have been built in many places near the hot springs. In addition to all common garden produce many kinds of flowers and various fruits such as tomatoes and grapes are grown in these greenhouses.

The first greenhouse to be heated by subterranean heat was built in 1923. In 1955 the total area of all such greenhouses (with walls and roofs of glass) was about 75 thousand squaremetres in addition to about 5 thousand squaremetres of hotbeds.

In 1930 the municipality of Reykjavík established an experimental hot water plant. The water for this plant was obtained from some hot springs near the town. The plant supplied hot water for central heating and domestic use to two elementary schools, one hospital, with all buildings belonging to it, about 60 living houses, and from 1937 to indoor swimming baths.

When the last war broke out preparations for a new hot water plant for most of the town had been completed. The water for this was to be obtained from some other hot springs somewhat farther away from town. The work had been begun, but had to be stopped when communication with Denmark was broken off in April 1940, as the materials for the plant were to be obtained from there and only a small part of them had already arrived in the country.

When it was seen that communication with Denmark would not be reopened for some time, an attempt was made to obtain the materials required from the U.S.A. After an agreement had been reached as to the purchase of the necessary materials, the work was resumed in 1942 and almost finished in the course of one year. Water from the new hot-water plant was turned on in the first house on the 1st of December 1943; and now the old and new plants supply hot water for central heating and domestic use to 3200 houses.

Climate.

The climate of Iceland is much warmer (the mean temperature for the year 7 to 8°C higher and the mean temperature in January 18 to 20°C higher) than might be expected from the position of the country. This milder climate is caused by the Gulf Stream, a branch of which almost encircles the country. Another current, a cold one, comes from the Arctic up to the eastern part of the north coast and flows south along the east coast where it turns out to sea. This Arctic current carries with it a great deal of ice, which sometimes drifts right up to the coast where it remains far into the spring and summer and causes great winter hardships and shortage of grass in summer.

Winter in Iceland is long but on the whole fairly mild whereas the summers are short and cool. There is considerable difference in the climate in the north and south parts of the country, partly owing to the position and partly to the ocean currents. On the whole the weather is changeable as is usual with an insular climate. This is especially the case in the southern districts, with their frequent storms and great precipitation.

The mean yearly temperature (1901—'30) in the capital, Reykjavík, is +4.5° C. January ÷ 0.6° C and July + 11.3° C. Corresponding figures for Akureyri (the largest town in North Iceland) are: + 3.0° C. ÷ 2.5° C and + 10.9° C. The average annual precipitation in Reykjavík is 870 m.m., most in January, 99.5 m.m., and least in June, 47.9 m.m. In Akureyri the average precipitation is 465 m.m., most in December, 57 m.m., least in May, 22 m.m. In some places, e.g. in the lowlands of the south the precipitation is greater than in Reykjavík, or about 1,300 m.m. on the average per year, and on approaching the Mountains it increases again and reaches up to about 2,000 m.m. The average number of hours of sunshine in Reykjavík is 1,340 and in Akureyri 986.5.

Rivers and Lakes.

Owing to the wet climate and great precipitation there are numerous rivers and lakes in Iceland. The largest lake is the Thingvallavatn which is about 120 square kilometres. The largest rivers originate in lakes and glaciers up in the highlands. The longest river of the country is the Thjórsá, about 200 kilometres, but on the whole the rivers are short and with strong currents and therefore not navigable. These rivers have therefore been an obstruction to communications. There are numerous waterfalls in the rivers and the best known and one of the most beautiful of these waterfalls is the Gullfoss which is near the Great Geysir.

The glacier rivers carry with them mud and sand and clay and are therefore yellowish in colour. Many of the rivers abound in salmon and trout, which may also be found in large numbers in the lakes.

Flora.

The vegetation is, as may be expected considering the position of the country and the climate, neither rich nor flourishing, especially the higher vegetation. Indeed, the unstable climate, frequent storms and spring-frosts are highly injurious to the vegetation.

In the history of the country it is said that at the time of settlement it was covered with wood from the mountain slopes down to the shore, as the vegetation had been allowed to thrive in peace both from man and beast. The trees, however, were probably small, because very early we find that timber is being imported for all larger buildings, and there are only a few examples of ocean-going vessels having been built of Icelandic timber. On the other hand the people have always had drift-wood, sometimes on a large scale, carried up to the coast by the currents.

Soon after the settlement the country was stripped of its woods as they were greatly used for firewood and for grazing sheep in them. Of late centuries the woods have only been unimportant remnants of low brushwood which have continuously been more and more wasted. In later years these remains of woods have been protected and an extensive work of reafforestation has been carried out. So far these woods have been of little use.

In the old times a certain amount of corn was grown in the country, but later this ceased as in some years the crops failed and the grain did not ripen fully. Of late years experiments in growing various kinds of corn have been made on Government farms. These experiments have shown that some kinds of corn, e.g. oats and barley, may be grown with some success with modern methods, especially in the south of the country.

Different kinds of garden produce and vegetables thrive fairly well in most years, but the potato crop, however, often fails in the north of the country owing to night frosts in summer.

The chief kind of vegetation in Iceland and that which has been most utilized is grass and cyperaceæ, mosses and small shrubs (heather, willow, dwarf-birch, etc.). There is a great deal of difference between the vegetation of the highland and that of the lowland and valleys. When we reach about 700 m. above sea level vegetation mostly disappears. The inhabited areas very rarely reach higher than 200 m. above sea level. The uninhabited heaths and mountain ridges are, however, of great importance as pasture lands, because in summer the grazing is good and rich here for sheep and horses.

When imported cereals were less frequent Iceland moss was extensively used for human consumtion. Iit is still popular and sold in all larger food stores. This moss is picked in spring, dried and kept until needed. An edible kind of seaweed, dulse, was also fairly extensively used for human consumption. Seaweed, of which several kinds may be found on the coast, is also extensively used as fodder for sheep and horses.

Fauna.

The land fauna is necessarily limited as the country is a comparatively barren island far out in the ocean. On the other hand the marine fauna round the coasts is abundant and of great variety. This is to some extent owing to the ocean currents surrounding the country.

Originally there were no other wild animals than foxes, which determined attempts are being made to exterminate as they cause some considerable damage by killing sheep and lambs in spring. About 1770 reindeer were imported from Norway and let loose up in the heaths where they have remained wild but only increased very little in number.

The bird-life is fairly rich, especially in wading-birds and swimmers. A large part of these birds are migratory: they come in spring and leave again in autumn, so the bird-life is much poorer in winter than in summer. Of the stationary birds the eider-duck and ptarmigan are of paramount importance. Large numbers of seabirds nest on rocks and cliffs round the coast. In such places the eggs and the young birds are extensively used for food. Of the stationary birds most characteristic of Iceland may be mentioned swans, eagles and falcons. All these birds are now more or less protected. Eagles have now become very rare. Falcons were formerly tamed for hunting. The King had the monopoly on the exportation of hunting falcons.

The sea round Iceland abounds in mammals, e.g. seals and whales, and in various kinds of fish.

Of seals living in the sea round Iceland the common seal and the grey seal may especially be mentioned, but of those that come up to the coast from the ocean the Greenland seal and the ringed seal are most common. Seals are caught in different parts of the country and they do a certain amount of harm to salmon and trout at the mouths of rivers.

The most common kinds of whales here are the rorqual, porpoise, dolphin and grampus. The smaller kinds of whales have been caught to some extent by the people of the country, but until these last years there has never been any whaling done here; now there is one whaling station conducted upon modern lines. In former times large whales often drifted ashore, especially with icebergs, and they were of great help to the people in years of hardship and want. In the latter half of the 19th century Norwegians began whaling on a large scale at Iceland and then some of the larger kinds of whales decreased so rapidly in number that whaling off the coast of Iceland had to be prohibited by law. Since then this prohibition has been slackened and whaling permitted with certain limitations.

There are numerous kinds of fish in the sea around Iceland. Of the useful kinds of fish we may first and foremost mention: cod, haddock, herring, saithe, sole, various kinds of halibut, cat-fish, shark, ray-fish, lump-suckers, redfish and capelan (mallotus arcticus). The Icelandic fisheries chiefly depend upon the three first-named kinds, viz. cod, haddock and herring, but in later years the flatfish fisheries, especially sole, as well as red fish and saithe have become of considerable importance. Shark was formerly caught a great deal off the north coast because of the liver, but now this fishing has practically ceased.

Natural Resources.

Iceland is a young country from the geological point of view, and therefore poor in valuable minerals. Although there may be some metals in the earth they have not been mined and it is, indeed, very doubtful whether it would repay the cost.

In earlier times a certain amount of iron was worked from deposits of bog-iron. There is no coal other than peat coal and brown coal. No mining on a large scale has ever been attempted for these, but, on the other hand, peat is to be found in many places and is extensively used for fuel. Icelandic spar of a very good kind has been mined in one place in the east of the country (Reyðarfjörður), but may be found in many places. Sulphur was formerly mined and exported, but this enterprise has been dormant now for a number of years. Gabbro of various kinds is found in several places, but has only been little used as yet for houses. There are large quantities of pumice stone in many places. Various experiments have been made with pumice stone as a building material and it is used in quantities in light weight bricks and sound insulating. Shell sand and even obsidian are now considerably used for rough-casting houses. A new cement factory has been built and there are abundant supplies of chalk-rich sand just off the shore. It provides the whole country with portland cement, which is in great demand as nearly every house is made of poured concrete.

The natural resources chiefly used by the people and which have played the most important part in their lives are the grass vegetation and the fishing-grounds round the coasts.

A comparatively large part of the country is entirely uninhabitable, a large part of the inhabitable land is either not arable or very difficult to cultivate, and of the arable land only comparatively little has been cultivated. Of the whole country 41% is counted as inhabited land, 37% as mountain pastures and 22% uninhabitable.

The inhabited areas are chiefly utilized in the following manner: — cultivated land, meadows and pastures. The cultivated soil is made use of in two ways, as home-fields and vegetable gardens. The home-fields are grasslands where nourishing fodder is produced with manure and special care. As to vegetables, potatoes and turnips are the chief kinds. The cultivated land is (1957) about 62 thousand hectares of which just under 2 thousand hectares are vegetable gardens. The meadow are, like the home-fields, used to obtain fodder for the winter for the livestock, but the pastures for grazing all the year round.

II. HISTORICAL AND POLITICAL SURVEY.

The Settlement.

It is considered that the first people to settle in this country were Irish monks who came here in the latter half of the 8th century. Their stay here, however, was of no importance as regards the actual settlement of the country. The first person to take up a fixed abode in Iceland was the Norseman Ingólfur Arnarson who brought with him his family and dependants about 870 A.D. When Ingólfur approached the coast of Iceland he threw his high-seat pillars overboard and said that he would build his home where the pillars were driven ashore. After three winters the pillars were found in the place where the capital of Iceland, Reykjavík, now stands. Here Ingólfur built his farm and lived there until his death. So did his descendants after him.

Up to this time Norway was divided into numerous small independent states ruled over by kings or chieftains, and the big farmers who lived on their family estates were very free and independent. During the 7th decade of the 9th century fierce internal struggles raged among these kings and chieftains of Norway and ended by King Harald the Fairhair subjecting the whole of the country to his rule and becoming monarch in 872. Those who refused to swear allegiance to him were either punished by death or else had to leave the country. Many of the chieftains went to the Shetlands, Orkneys or the Hebrides taking their relations with them, whereas others went straight to Iceland, like Ingólfur Arnarson. When the king began to persecute also those who fled to the western islands of Great Britain many of them left and emigrated to Iceland. All these events caused the settlement of Iceland to be completed in shorter time than it would otherwise have been. It is considered that the country was fully settled in about 60 years, or by about 930.

Establishment of the Commonwealth.

During the period of settlement there was no co-operation among the settlers as regards administration or justice. Each chieftain was the ruler of his own jurisdiction and adopted the legal system which he had been used to before he came here. About 930 the people agreed to enforce the same laws for the whole of the country and to establish a general legislative and judicial assembly (the Althing). The place selected for this assembly was at Thingvellir on the Öxará river. The Thingvellir is considered one of the most beautiful places in the whole country and is situated about 50 km. from the present capital, Reykjavík. By the establishment of the Althing one may say that the Icelandic Commonwealth was formed. This commonwealth lasted with only small changes for about 330 years.

The Althing.

The Althing assembled between the 11th and 12th week of summer each year. There gathered in addition to the chieftains and the farmers whose duty it was to accompany them to the Althing, a large number of other people, young and old, men and women. The Althing was therefore not only a political institution but also a national assembly where young men pursued sports, where the poets entertained people with their poetry, and where various other kinds of festivities were held.

District Administration.

The Althing was both the supreme judicial institution of the country and the only institution where the supreme political power of the nation was united into one. Outside the Althing there was no joint administrative or executive power in the country. The district administration was the only permanent form of government. It was in the hands of the chieftains who were called ,,goðar“ (priests). Their jurisdiction was not definitely fixed, as people could themselves choose which chieftains they wanted to follow. The chieftainships were inherited but could also be bought and sold.

Flaws in the old constitutional System.

There were very great flaws in the constitutional system of the Icelandic commonwealth. The lack of a general executive power led to the Norwegian kings being given a welcome opportunity to interfere in internal affairs. The system of district administration also ended in the balance of power between the chieftains being upset, as the power got into the hands of a few persons who again competed amongst themselves for supreme power under the protection of the Norwegian kings.

The End of the Commonwealth.

These struggles of the chieftains, which were fiercest about the middle of the 13th century, ended by the country recognizing the rule of the King of Norway in 1262 and promising to pay him taxes. A special written pact was made to this effect, the so-called ,,Gamli sáttmáli“ (old pact). The Icelandic obligations were only made to the King himself and the connection between the two countries was therefore purely a personal union. The Icelanders stipulated that they should be entirely released from all obligations if the King did not keep the pact in every respect.

Up to A.D. 1387 the house of King Harald held the throne of Norway, which then was united with that of Denmark until Norway came under Sweden in 1814, but Iceland remained under Denmark.

Sailings and Discoveries of Icelanders.

Many of the settlers were great and hardy seafarers who had been on voyages and viking expeditions and came to Iceland on their own vessels. After settling down in Iceland some of them continued their seafaring life and went on voyages to other countries, either every now and then or regularly.

The Icelanders soon became aware that lands were to be found west of Iceland. Later on they set out to search for these countries, explore them and even settle there. In about 985 a man called Eiríkr Thorvaldsson the Red, who had come from Norway with his father just after 950, but had now become guilty of manslaughter, left Iceland on an expedition of discovery. He found a country which he called Greenland and took up his abode there. Many Icelanders went to Greenland and settled there. Their settlement flourished for some centuries, but after Iceland entered into personal union with Norway and the Icelandic nation began to decline, communication between Iceland and Greenland grew less frequent and finally stopped altogether. We do not know for certain, what was the fate of the Icelanders in Greenland, whether they became extinct or mixed with the Eskimos and thus lost their nationality and language.

In the year 1000 Leifr the Lucky, son of Eiríkr the Red, discovered a country west of Iceland which he called Vinland the Good. It is considered that this country was America and that Leifur came to the east coast of the American continent. Sailings now began to this land, both from Iceland and Greenland. They explored the country but met with opposition from the natives and did not settle there for long. Soon sailings there ceased again and Vinland was forgotten.

Religion.

The majority of the settlers were heathen and believed in many gods which were called the "Æsir". The highest of these gods was Óðinn who lived in Valhalla. All those who were killed in battle went to Valhalla where they lived with Óðinn in great rejoicing and fight every day. Second in rank of the gods was Óðin's son, Thor, who was the strongest of all the gods.

One of the first ways in which the Kings of Norway interfered with the internal affairs of Iceland was to introduce the Christian religion into the country. Towards the end of the 10th century Olafr Tryggvason was king of Norway. He had adopted the Christian faith while in England and was very zealous in spreading Christianity. Through his instrumentality the Althing decided in 1000 A.D. to accept the Christian faith for the whole of the country. People were, however, allowed to worship the old gods in secret.

In 1056 a bishopric was established in Iceland and an Icelander was made bishop, but before that only foreigners had been in that office. In 1096 tithes to the church were introduced thus laying the foundation of her great wealth. In the year 1106 the country was divided into two bishoprics and another see established. About the middle of the 16th century the Reformation was enforced by the King.

Establishment of the Monarchy.

At the Reformation the King appropriated all the property of the monasteries in the country and also the estates belonging to the people who had opposed the new faith. In this manner he acquired a large number of estates and it is considered that at one time he owned one fifth of all farms and estates in the country.

With the Reformation the power of the King increased to a great extent. The church was deprived of its legislative power in ecclesiastical affairs and to a great extent also of its judicial power, and the supreme administration of all ecclesiastical affairs was in the hands of the King. The King had earlier succeeded in joining all the highest secular power in his hands. It was therefore more a matter of form than any radical change in the highest rule of the country when the Icelanders were forced to acknowledge the absolute power of the King in 1662, just as the year before absolute monarchy had been introduced in Denmark and Norway.

The System of Government.

According to the pact of 1262 concerning the personal union between Iceland and Norway there was little change in the form of government of the country. The Icelanders were to retain their old laws and only Icelanders should be appointed to public posts. During the next two decades the King succeeded in remoulding Icelandic laws and justice according to Norwegian models and in having these new laws passed by the Althing.

Before the union between Iceland and Norway was established the foundations of the district administration had already begun to weaken considerably, and by the pact these foundations were entirely demolished. By the new law an entirely new form of district administration was introduced. The country was divided into 12 districts and their administration entrusted to 12 royally appointed officials (sheriffs). Their chief duties were to be in charge of judicial enquiries and to collect the royal revenues, a tax which was decided on in the "Old Pact", and fines introduced by the new laws.

The Althing was also remodelled. Its legislative activities mostly ceased and it became a kind of high court to which people who had been judged by the district courts could appeal their cases. Another royal official was appointed as governor (hirðstjóri) of the whole country. The King had thus succeeded in acquiring the supreme power in all public affairs in Iceland. He appointed the state officials and could in this way exercise decisive influence on the administration and justice. The legislative and supreme judicial powers were also in his hands.

The Conditions of the People under Absolute Monarchy.

This form of government which had been enforced in Iceland against the will of the people, would not have needed to be so detrimental to and so bad for the Icelandic people as it proved if those who wielded the royal power had had any desire to promote the prosperity and welfare of the country. But this did not prove to be their desire. About the middle of the 14th century the King adopted the unfortunate policy of renting to his representatives for a definite period his revenue from the country. These men only thought of enriching themselves and were guilty of intolerable tyranny and injustice towards the people. When Norway and Denmark, at the end of the 14th century, were united, the new line of Kings became even less concerned with Iceland's problems than had been the case during the reign of the Norwegian Kings, the descendants of Harald Fairhair.

The main object of the Kings in interfering with Icelandic affairs had been to profit financially by the country. By the "Old Pact" of 1262, the people consented to paying the King a tax. According to the new laws which were introduced during the following 20 years all fines were to be paid to the King, and this meant that gradually large numbers of estates and farms, and other property came into the King's possession. At the Reformation, about 1550, the King further appropriated all possessions of the monasteries and claimed part of the revenues of the bishops' sees. The foreign Kings did not stop at this, they also claimed part of the income of the Icelandic trade.

The Trade Monopoly.

In the "Old Pact" the King undertook that 6 ships should sail every year from Norway to Iceland. By this the Icelanders wanted to secure sailings and importation to the country, but in the course of time this clause of the Pact was frequently broken. In some years only 1—2 ships came to the country and in others none. But the Kings soon began to exercise the right they had been given to interfere with the trade, to lay impositions on sailings and to dispose of the trade at will. During the latter half of the 16th century the King began to grant certain persons monopoly to trade at certain ports in Iceland. In 1602 three Danish towns were granted monopoly to trade with Iceland. From 1602—1786 the Icelandic trade was entirely limited to Denmark. Either the monopoly to trade was let to individual merchants or trading companies, or the King himself carried on the trade at his own account. In 1786 the trade was made free to all the subjects of the King of Denmark. The Icelanders themselves could therefore begin to take part in it. The same applied to Norwegians down to 1814 when Norway separated from Denmark. In the year 1854 the trade with Iceland was at last made free to all nations.

Trade Monopoly and its Effects on the Country.

The history of trade in Iceland during the period of monopoly is so closely connected with the political history of the country that it is impossible to discuss them separately. The country was solely used as an object of exploitation for Denmark by the all-powerful monarch of that country, in the spirit of the mercantilist trend. The history of the nation of this period is briefly that its prosperity declined more and more as time passed, and indeed, one plague worse than the other harried the country, volcanic eruptions, famines and pestilence.

Already by 1700 conditions had got so serious that it looked as if there was nothing but complete ruin ahead. In the 18th century, particularly during the latter half of it, various measures were taken at the request of the Icelanders and by order of the King for the restoration of the country, but they were, however, ineffective. The misery of the people was ever increasing and the population was steadily on the decrease owing to all kinds of hardships and trials which visited the country. These plagues culminated in a tremendous volcanic eruption in 1783 which is the most terrible of its kind ever known in the history of Iceland. This eruption was accompanied by a general famine all over the country.

After this calamity the population dwindled to less than 40 thousand, or to about one half of what it was estimated during the period of the commonwealth. Subscriptions for the aid of the Icelandic people were received both from Denmark and other countries and at one time there was some talk of removing the inhabitants to the heaths of Jutland in Denmark. This, however, never came to anything and the nation began to recover again, and, indeed, the trade restrictions were now slackened.

The Struggle of Restoration begins.

In the great wave of unrest which took place in the intellectual and political life of Europe during the latter half of the 18th and first half of the 19th centuries the thrones of the monarchs were swept away and the fetters of mercantilism on trade and commerce gradually fell off. A great wave of liberty swept over all the countries of western Europe and reached all the way to Iceland. During the latter half of the 18th century there appeared men who took the leadership in the restoration work of the nation and during the second quarter of the 19th century Icelandic students at the University of Copenhagen were fired with the new spirit of liberty and began to encourage their compatriots and to urge them on in the struggle for allround restoration.

These men very rightly understood that the first step to make this allround restoration successful was to reclaim the lost political independence. This struggle began about 1830.

The Restoration of the Althing.

The first important political victory gained was when the Althing was reestablished. It was established by a decree of 1843. It had been abolished by a royal decree in the year 1800 and its place had been taken by a high court which was to keep the judicial power formerly vested in the Althing. The Althing had been held for 870 years, the last two years in Reykjavík, but for a long time it had been little more than the name alone.

Jón Sigurðsson.

The Icelandic people now got an energetic leader in the struggle for liberty and restoration. Jón Sigurðsson (1811—1879) was not only a great and brilliant statesman but also an acute and energetic scholar in the field of Icelandic history and literature.

Trade made free in 1854 and Iceland granted a Constitution in 1874.

It was first and foremost due to the work of Jón Sigurðsson that the trade was made free in 1854. It was also chiefly due to his firm and constant fight that the King granted the people of Iceland a constitution in 1874, giving them the power of legislation and self-government. The finances of Iceland and Denmark were separated and the control of the revenues was given to the Althing. The internal executive power was vested in one official, the governor (landshöfðingi), who had decisive power in certain matters but was responsible to the Danish cabinet minister (minister of justice) in charge of Icelandic affairs.

Government transferred to Iceland in 1904.

The Constitution of 1874 improved the status of the Icelanders to a very great extent, but yet it far from satisfied their wishes and claims as regards self-government and independence. The main fault was that the supreme government of Icelandic affairs should be in the hands of a Dane, resident in Copenhagen. The Icelanders therefore began a struggle for amendment to the Constitution, for the government of Icelandic affairs to be transferred to the country itself and for it to be responsible to the Althing. This amendment at last came into force in the autumn of 1903. The first Icelandic minister, Hannes Hafstein, was appointed at the beginning af the year 1904. At the same time the governor's office and the Icelandic ministry in Copenhagen were abolished, and the Icelandic ministry in Reykjavík established. The supreme government had thus come into the hands of the Icelanders themselves and resided in Iceland.

Amendment to the Constitution, 1915.

The final aim, however, had not yet been reached. The Constitution still contained many faults as for instance that some of the members of the Upper House of the Althing were appointed by the King and not elected by the people, and that the Icelandic minister had a seat in the Danish Council of State. Neither did the Constitution provide for the international status which was the final object of the Althing. On the point of the independence no agreement could be reached with the Danes at that time, but in 1915 an amendment was secured to the effect that the provision about the Icelandic minister's seat in the Danish Council of State was abolished and that nationally elected members should replace the ones appointed by the King. The voting right was extended and women were granted both a right to vote and eligibility as candidates for election. Also Iceland got her own flag, which, however, was not to be used outside the territorial limits.

Independence of Iceland recognised in 1918.

The Great War had a favourable effect on the Icelanders' struggle for independence and liberty. During the war the relations with Denmark had weakened and the Icelanders had first and foremost to depend upon themselves and to deal with their own affairs themselves, among other things to begin sailings to America. When the war was over the dominant policy in international politics was to be that the small nations' right of self-determination should be fully recognised. The Danes were waiting to reclaim southern Jutland and therefore the Iclenders had a unique opportunity to bring forward their claims of independence.

In 1918 Iceland and Denmark made an agreement concerning the relations between the two countries. This agreement came into force on the 1st December, 1918. By this agreement Iceland's independence is absolutely recognised and thus the long-hoped for aim of the nation's struggle as regards its status was reached. Iceland had become a free and independent state in personal union with Denmark, which country was to conduct the foreign affairs on her behalf and to take care of the fisheries' protection, which Iceland, however, could take into her own hands whenever she desired to do so. The agreement was almost unanimously passed by the Althing and confirmed by a plebiscite.

The Icelanders were, however, far from being fully satisfied with this agreement, which among other things granted reciprocal rights for citizens of each country. Although there were considerable faults in the agreement from the point of view of the Icelanders it was not considered wise to reject it and Iceland had the right to terminate it whenever desired after a period of 25 years or after 1943. The agreement was ratified by the King on 30th November, 1918. That same day a royal decree was issued regarding the Icelandic flag — the flag used by the independent Icelandic state since the "Union Act" came into force on 1st December, 1918.

Iceland's Attitude to the "Union Act".

During the session of the Althing in 1928 the Government was asked whether it would make preparations for the "Union Act" to be terminated as soon as permissible and also consider in what manner the foreign affairs might best be conducted when Iceland took them into her own hands. The Prime Minister answered this question in the affirmative on behalf of the Government and declarations to the same effect were given by the leaders of all the parties represented in the Althing. In 1937 the Althing resolved to instruct the Government to prepare this matter on the basis stated above. The Icelandic nation resolutely followed its course and prepared for the termination of the Union Act of 1918. To most people the final aim was to effect a complete separation with Denmark and to establish a republic.

The Occupation of Denmark 1940.

By the occupation of Denmark in 1940 the position was suddenly changed. Denmark was no longer able to fulfill her obligations under the Union Act. On the 10th April, 1940, the Althing passed the following resolution: "Owing to the circumstances which have now been created Denmark cannot discharge her obligations to conduct the foreign affairs of Iceland according to Para. 7 of the Danish-Icelandic Union Act, nor the fisheries protection, according to Para. 8 of the said Act, the Althing therefore declares that Iceland will, for the time being, take the conduct of these affairs entirely into her own hands."

Resolutions of the Althing concerning the Independence.

The King who had held the supreme power in the affairs of the State was no longer in a position to discharge his duties in this respect, so the Althing decided to charge the Government of Iceland with this power for the time being. On 17th May, 1941, the Althing resolved that a Regent should be elected for one year at a time to be in charge of this power. The first Regent of Iceland to be elected was Mr. Sveinn Björnsson, formerly Icelandic Minister in Copenhagen. The election took place on the 17th of June, 1941, the birthday of Jón Sigurðsson.

On the same day as the Althing resolved that a Regent should be elected it decided to declare that Iceland had acquired the right of absolute separation from Denmark, as Iceland had had to take into her own hands the conduct of all her affairs, and that in so far as Iceland was concerned there was no question of extending the Act of Union with Denmark.

The Althing further passed the following resolution on 17th May 1941, concerning the form of government of the country: "The Althing resolves to declare that a republic shall be established in Iceland as soon as the Union with Denmark is formally severed."

The Republic Established in 1944.

After the resolution of May 17th, 1941, regarding the independence of the country had been passed, is was clear that a radical change in its constitutional law would be necessary.

On the 22nd of May, 1942, the Althing appointed a committee to make proposals as to the change in the country's constitution to harmonize it with the proclaimed desire of the Althing that a republic be established in Iceland.

In the autumn of 1942 the following change in the constitution was made to hasten the establishment of the republic:

,,When the Althing passes the change in the constitutional law of Iceland which is mentioned in its resolutions of May 17th, 1941, the passing of it as constitutional law by the Althing is valid when it has been ratified by the majority of the country's parliamentary voters in a secret ballot."

At the beginning of 1944 the Althing made a final decision that a plebiscite should be taken that year both on the amendment to the constitutional law of the country and the separation from Denmark. On the 25th of February the Althing passed the following resolution whereby the Danish-Icelandic Act of Union of 1918 is abrogated:

"The Althing decides to declare that the Danish-Icelandic Act of Union of 1918 is repealed. This declaration shall be submitted to a referendum for ratification or rejection and the voting shall be secret. If the declaration is ratified it comes into force when it has been passed by the Althing."

On the 8th of March the Althing passed a new constitutional law for the prospective republic. The vote of the people was taken during the days 20.—23. of May on the separation from the union with Denmark and the establishment of a republic in Iceland, with the result that 98.61% of all the parliamentary voters voted on the Act of Union, 97.35% of which were cast for its repeal, but 95.04% for the republican constitution.

The Althing was again convened on the 10th of June and finally voted for the separation from the Danish union on the 16th of that month. On the 17th of June 1944 the Althing declared that the Icelandic republic was formally established. To make this historic decision it had convened at Thingvelir, its ancient meeting place. There Althing also elected, for a little more than one year the first president of Iceland, Mr. Sveinn Björnsson, who had been the country's Regent during the preceding three years. But under the constitutional law the president would in the future be elected by the people, his period of election to last four years.

Mr. Sveinn Björnsson was returned unopposed as President in 1945 and 1949 and was after his death in 1952 succeeded by Mr. Ásgeir Ásgeirsson, who was returned unopposed as President in 1956. The new President sat in the Althing for 29 years,was some time Prime Minister, also Director of Education and later bank manager.

On the 25th of July 1946 the Althing authorized the Cabinet to apply for the admission of Iceland into the United Nations. The Political and Security Councils of the U. N. agreed on the 2nd of Nov. that year to pass the application, and on the 11th of the same month the Charter of the U. N. was signed by the chairman of the Icelandic delegation, and on the same day the Icelandic representatives took their seats in the General Assembly.

Participation in International Co-operation.

Iceland is a member of most of the specialized agencies of the U. N. In 1948 it became a signatory member of the Organization of European Economic Co-operation (OEEC), in 1949 a signatory member of the North Atlantic Treaty Organization (NATO) and in 1950 a member of the Council of Europe.

III POPULATION

Race and Language.

Most of the Icelandic settlers were Norwegians but there were a number of Celtic orgin among them, especially slaves.

The language spoken by the majority of the settlers was the Norse language spoken throughout Scandinavia and even farther afield. Since then the language spoken in Iceland has changed very little. The reason for this is that the nation was always isolated and that historical and literary writing became very early a favourite pursuit. The language was preserved in the old literature which has always been highly valued by everybody, high and low alike. Therefore there is comparatively little difference between the old and modern, the written and the spoken language.

Racial Admixture with other Peoples.

While the Icelandic people was independent the Icelanders maintained fairly frequent communications with their neighbouring countries, especially Scandinavia. When the foreign Kings began to interfere in Icelandic affairs, they also wanted to control the trade with Iceland. In the 15th and 16th centuries there was a flourishing trade with both Great Britain and Germany, but the Kings imposed various restrictions in order to prevent these foreign people from settling here.

After the trade monopoly was enforced in 1602 Iceland was almost entirely excluded from all relations with other nations than the Danes and this remained the case until after the middle of the 19th century. After this Iceland chiefly maintained its relations with Denmark. A certain number of Danes have settled in the country, whereas of other nations only very few have become resident here. The nation has therefore mainly remained free from racial admixture due to immigration since the days of the settlement. At the 1940 census only 1158, or 1.0%, persons of foreign nationality were resident in Iceland (632 Danes, 211 Norwegians and 157 Germans. Of other nationalities there were much fewer).

Emigration.

A large number of people have, on the other hand, emigrated from the country. During the last quarter of the 19th century many emigrated to America. In 1940 it was considered that 27.6 thousand people of Icelandic extraction were living in North America, 6.6 thousand in the U.S.A. and 21.0 thousand in Canada. There has also been a certain amount of emigration to the neighbouring countries during the last few decades, especially to the Scandinavian countries and Denmark in particular.

Birth and Death Rate.

Since the beginning of the present century emigration and immigration have more or less corresponded. The increase in population has therefore been quite natural, the number of born being in excess of those dying.

The natural increase has become somewhat greater although in later years it has decreased again. The number of births has, indeed, decreased to a large degree, but the number of deaths has decreased more still. Compared with 1000 inhabitants there were on the average per year:

	Born alive	Dead	Excess of births beyond deaths
1896—05	29.0	17.1	11.9
1906—15	26.3	15.2	11.1
1916—20	27.7	14.2	12.5
1921—25	26.5	13.9	12.6
1926—30	25.6	11.5	14.1
1931—35	23.5	11.1	12.4
1936—40	20.5	10.4	10.2
1941—45	24.7	10.1	14.6
1946—50	27.5	8.2	19.3
1951—55	28.0	7.3	20.7
1956	28.3	7.2	21.1
1957	28.7	7.0	21.7
1958	27.4	6.9	20.5

Migration in the country itself.

Until the end of the last century there was comparatively little migration of people in the country itself. By far the greatest part of the nation lived in the various rural districts and the towns were of minimum importance. Since then towns have come into being in various places round the coast, and some of them have rapidly increased, especially the capital, Reykjavík, where now 40% of the population lives as compared with 8% at the beginning of the century.

The number of inhabitants has been as follows:

		Of which there are:	
	Total in 1000	In towns & villages with over 300 inhabitants	In rural districts
1900	78.5	19.7%	80.3%
1910	85.2	32.2%	67.8%
1920	94.7	42.7%	57.3%
1930	108.9	54.4%	45.5%
1940	121.3	61.7%	38.3%
1950	144.3	72.3%	27.7%
1955	159.5	77.5%	22.5%
1956	162.7	78.8%	21.2%
1957	166.8	78.2%	21.8%
1958	170.2	78.6%	21.4%

Distribution of Occupations.

These great migrations of people from the rural districts to the towns and villages and the increased population in the towns is the result of the development of the occupational life. The nation had, right from the beginning, lived by agriculture, although there was a certain amount of fishing done and a great number of the people in the rural districts went to the fishing stations during the fishing seasons every year. Those who lived near the sea also pursued agriculture as their main occupation. There was therefore no clear distinction between these two main occupations of the nation, and there was no question of any industrial life while the people lived scattered all over the country. With the change in the fisheries industry at the beginning of the present century (cf. below) the basis for running it on a large scale was created. The condition for the growth of the towns and a basis for an independent fisheries industry appeared simultaneously. In other words the basis for an occupational distribution among the people was at hand. The one-sided production has since then been gradually transformed into a varied industrial life.

Comparison of the proportional division of the nation according to occupations in the years 1930, 1940 and 1950 may be seen from the following table:

	1930	1940	1950
Agriculture	35.8%	30.6%	19.9%
Fisheries	16.7%	15.9%	10.8%
Industries	18.9%	21.3%	32.5%
Commerce & communications	14.6%	15.9%	17.7%
Total	86.0%	83.7%	80.9%

This survey shows that the proportion of the agriculture and the fisheries has diminished, but that of the other occupations increased, especially that of the industries, incl. the building industry. The proportion of the building industry was 6.5% in 1940, but 10.0% in 1950.

Reykjavík — The Capital.

As before mentioned the first settler of Iceland took up his abode, where the capital of the country now is. He called the place Reykjavík which it has been called ever since.

But it is not because of tradition that the farmland of the first settler became the site of the most important town in Iceland. In the middle of the 18th century experiments were carried out with industry and fisheries from decked vessels and Reykjavík was chosen as the place for these experiments. A fishing village arose which became the embryo of the town. In 1786, on the 18th August, the village was granted municipal rights and that date is regarded as the birthday of the town.

Reykjavík grew very slowly in the beginning but has been expanding most rapidly in this century. The growth and prosperity of the town has been linked with increasing economic prosperity. It was almost at a standstill until 1850, and increased slowly during the latter half of the 19th century but most rapidly since the turn of the century, especially during the last decades.

The population of the town was only 0.6% of the population of the country at the end of the 18th century. In the beginning of this century it had increased to 10% and now amounts to 40% of the total population of Iceland. In 1801 there were only 300 people living in Reykjavík, but in this century the increase has been as follows:

Year	Inhabitants of Reykjavík	% of the total population
1900	5802	7.6%
1910	11449	13.5%
1920	17450	18.5%
1930	28052	25.8%
1940	37897	31.3%
1950	56096	38.9%
1954	62035	39.8%
1955	63856	40.0%
1956	65305	40.1%
1957	67589	40.5%
1958	69268	40.7%

In 1940 and 1950 the population of Reykjavík was divided according to occupations as follows:

	1940	1950
Agriculture	1.5%	1.0%
Fisheries	9.2%	6.3%
Industry	34.3%	40.0%
Commerce	13.4%	13.7%
Communications	15.3%	12.7%
Services	18.0%	17.7%
Without profession	8.3%	8.6%
Total	100.0%	100.0%

According to professional classes the people were divided as follows in 1940: Employers 12%, labourers 56%, other wage earners 24% and without profession 8%.

The table shows that the most important

occupation is the industry, incl. the building industry with 12.4% of the population in 1950. Reykjavík is also the centre of commerce and communications in Iceland and here is the site of the Government and the most important official institutions.

The fisheries of the town have, during the last decades, mainly been carried out by means of trawlers but fishing with smaller craft is increasing. A municipal Trawler Corporation was formed after the war and now owns and operates eight modern trawlers and runs a saltfish drying plant.

Almost the entire commercial tonnage of the country is operated from Reykjavík. The Harbour of the town was built in 1913—17 and since then gradually a number of piers have been built and facilities for loading and unloading greatly improved. During the last years arrivals of ships (above 30 tons net) have been on an average about 3000 a year.

The industry of the town has almost exclusively been operating for the home market. The biggest industrial undertakings are the machinery and iron industries. Only a comparatively small part of the industry has used native raw material, but the fishing industry is now expanding, relying mostly on foreign markets.

Following the rapid growth of the town the use of electricity has increased enormously in the past years both for domestic and industrial purposes. In 1920—21 a Hydro-Electric Plant was erected on a small river about 3 miles from the centre of the town, and two others, much bigger powerplants, were erected on a river about 30 miles away, the first in 1935—37, which' power has since been increased, and the second in 1950—53. The third power station is now completed on the same river, and the capacity of these four powerplants combined is ca. 76000 KW. In 1946—47 a steam-power reserve-plant was erected at the first mentioned river. The capacity of the four hydraulic plants in use, together with the steam powerplant, is now 83000 KW.

Reykjavík is the centre of commerce both internal and external. Wholesale commerce is almost entirely in the hands of Reykjavík, and about 80% of the transport to and from the country is transmitted through its harbour.

There are no railways in Iceland and communications on land are therefore maintained by motor cars. About one half of all passenger motorbuses are operated from Reykjavík, and a great number of other cars are centered there, passenger cars and lorries (40% and 60% resp.). The biggest airfield for inland aviation is at Reykjavík. There are also Icelandic airlines catering for the increasing demand for air traffic both inland and international.

IV. AGRICULTURE

The chief branch of agriculture in Iceland has always been, and still is, sheep and cattle farming, although market gardening has also been of some importance during the last few decades. On the other hand no cereals worth mentioning are now grown, except in experimental stations, but during the first centuries in the history of the nation small grains were grown to some extent.

Measures for the development of agriculture.

Sheep farming has to a comparatively small extent been based on the cultivation of the land, but the cultivation has greatly increased of late years and that as well as any kind of development in farming has been heavily subsidised by public funds, especially of late years. In addition to the development of cultivation great effort has been made to improve the sheep and cattle stocks, and great stress has been laid on the quality of the products and their utilization.

All these improvements and experimental activities are superintended and carried on by the Farming Association (Búnaðarfélag Íslands) which was founded just before the end of the last century. The association enjoys an annual subsidy from the State. The management of the association is in the hands of an Inspector General of Agriculture (búnaðarmálastjóri), but in addition the association employs several experts in various branches of agriculture who act as advisers to the farmers. The association holds a conference every year with representatives of agricultural societies from different parts of the country.

There are two agricultural schools, one in North Iceland and the other in the south of the country and in addition to these there is a special school of horticulture. There are experimental stations in several places and much work is spent on reafforestation and reclamation of land ruined by sand.

Cultivation.

New cultivation mainly consists in levelling hillocky cultivated land (homefields) and in cultivating new land, i. e. draining, drying and levelling of uncultivated land and fencing it off. The surface formation of the soil in Iceland is a great hindrance to the work of cultivation. Owing to the influence of water and frost knolls and hollows are formed in the surface of the soil which have to be levelled, and the smooth ground becomes gradually rough again, especially where the soil is wet. These places will therefore have to be levelled at intervals.

The work of cultivation has been on the average per year as follows:

Year	Levelling of home-fields ha.	New cultivation (home-fields) ha.	Seed-beds ha.	Hand-dug ditches open 1000 m³	Hand-dug ditches covered km.	Fences km.
1926-30	214	795	12	78	43	214
1931-35	364	1181	48	130	82	555
1936-40	295	645	153	119	76	389
1941-45	276	470	38	75	35	171
1946-50	733	1484	65	77	38	293
1954	1050	2774	39	31	23	415
1955	739	2422	26	21	—	—
1956	83	3386	20	—	21	—
1957	139	3570	23	—	—	—
1958	129	3912	17	—	—	—

Ditches dug by hand are now things of the past. Drainage since 1942, i. e. open ditches dug by excavators, has been as follows:

Year	Length km.	Volume 1000 m³
1942	6	34
1943	12	64
1944	33	124
1945	64	280
1946	86	343
1947	216	743
1948	413	1456
1949	474	1773
1950	575	2178
1951	506	1998
1952	651	2523
1953	706	2903
1954	799	3397
1955	686	3054
1956	928	4096
1957	942	4194
1958	943	4184

Field and Garden Produce.

Distinct evidence of the increased cultivation may be seen in the crops of hay and garden produce. — The following survey shows the crops of hay and garden produce since 1926:

Year		Crop of hay in 1.000 horse loads (each 100 kilos) Hay from homefields	Hay from uncultivated land	Total	Garden produce, 1.000 barrels Potatoes	Swedes & turnips	Total
1926—30	—	798	1032	1830	37	14	51
1931—35	—	1001	1019	2020	43	17	60
1936—40	—	1158	1089	2212	80	19	99
1941—45	—	1333	879	2247	85	11	96
1946—50	—	1562	633	2195	66	7	73
1953	—	2183	690	2864	158	20	178
1954	—	2682	554	3236	95	7	102
1955	—	2661	403	3064	52	8	60
1956	—	2882	413	3295	67	6	73
1957	—	3303	385	3688	76	5	81
1958	—	3045	447	3492	71	6	77

Live Stock Farming.

Icelandic agriculture has in the past depended almost solely on live stock farming, chiefly sheep farming. The chief articles of merchandise of the farmers have been the products of the sheep-farming whereas those from the cattle and the milk products have mainly been for domestic use. Since the towns began developing cattle breeding in the surrounding districts has greatly increased. Milk and milk products have in many places become the most important articles of production. The number of cattle has therefore increased considerably during the last decades.

The number of live stock has been as follows:

Year	Live stock in 1.000			Per 100 inhabitants		
	Sheep	Cattle	Ponies	Sheep	Cattle	Ponies
1703	279	36	27	554	71	53
1770	140	30	32	303	65	70
1800	304	23	28	644	49	60
1834	399	28	39	712	49	70
1855	490	24	40	758	37	62
1871	366	19	30	525	27	43
1890	446	21	31	629	30	44
1901	482	26	43	614	33	55
1910	579	26	45	679	31	53
1920	579	23	51	611	25	54
1930	690	30	49	642	28	46
1940	628	40	56	518	33	46
1950	416	45	42	288	31	29
1954	635	47	37	407	30	24
1955	657	45	35	412	28	22
1956	706	48	34	434	29	21
1957	770	49	33	462	29	20
1958	775	48	31	455	28	18

The numbers of live stock were very variable in earlier times as often heavy losses were suffered in bad years owing to volcanic eruptions, and other disasters. During the latter half of the 18th and 19th centuries a devastating sheep disease (scab) raged in the country. Since 1935 there has been another sheep disease which has proved difficult to combat and which has played havoc with the sheep stock in the infected areas.

In the Autumn of 1944 a systematic eradication of the sheep disease was commenced. It was arranged that all the sheep in the affected districts within 12 fenced areas were destroyed in 9 stages, and at the same time replacement was made from non-affected areas. The destruction of sheep in the diseased areas was completed by autumn 1952, when approximately 300,000 winterold and older sheep besides the lambs had been slaughtered. The cost to the State as a result of disease reached 100 million kronur in the years 1937 to 1954.

The survey above shows that in the first four decades of this century all types of livestock in the country considerably increased. From 1940 to 1950 the number of sheep fell greatly because of the disease, but rose again after a systematic attack on these had been made. Horses have decreased in number since 1940, but mechanically propelled vehicles in communications and machinery in agriculture have largely taken over the functions in the Icelandic national life which the horse formerly fulfilled. On the other hand some horses are now raised for meat. Cattle heards have constantly been augmented which is first and foremost linked with the increase of population in general and especially the mushrooming of the towns, where there has been a great rise in milk consumption.

The greater use of machinery and more intensive cultivation have made way for the possibility of an increase in livestock in spite of a fall in the number of people engaged in agriculture.

Production of meat, wool and fleece.

No exact figures are available for the total meat production in the country as it is not known how much those who are engaged in agriculture use for their own purposes. The following figures show the number of sheep killed for sale since 1935 (in 1.000):

Year	Lambs	Other Sheep	Total
1935	349.6	24.3	373.9
1940	366.0	26.9	392.9
1945	350.9	34.5	385.4
1950	225.7	38.3	264.0
1954	305,5	15,6	321,1
1955	451.1	31.4	482.5
1956	465.2	33.8	499.0
1957	512.2	25.9	538.1
1958	646.2	37.7	683.9

It is estimated that the farmers themselves consume yearly about 1,5—2,0 mill. kilos of mutton. Some mutton has been exported, both salted and frozen, but in the past years this export has been of minor importance.

There are no reliable figures about the production of beef, but it is estimated to be about 1,5 mill. kilos a year.

The following survey shows the weight of the meat of the sheep killed for sale since 1935 and the production of wool and fleece (since 1945).

Year	Meat in 1.000 kilos	Wool in 1.000 kilos	Fleece in 1.000 pieces
1935	5011		
1940	5562		
1945	5614	470	475
1950	4063	400	340
1954	4645	497	402
1955	7050	618	582
1956	7658	630	590
1957	8297	700	624
1958	9919	780	760

Production of milk and dairy products.

The production of milk and dairy products for the domestic market has greatly increased during the last years along with the rapid growth of the towns, but the export of dairy products is almost nil. Since about 1920 milk producers have had cooperation in the pasteurization and distribution of milk as well as in the making of dairy products such as butter, cheese and ,,skyr" (a national dish made of skim milk).

The following figures show the number of dairies and the amount of milk received by them from the farmers as well as the sale of whole milk and cream since 1935:

Year	Number of dairies	Milk received 1000 kilos	Sale of whole milk 1000 litres	Sale of cream 1000 litres
1935	5	11235	5481	142.0
1940	7	18559	7619	297.1
1945	7	24344	13420	580.1
1948	9	32316	18450	830.2
1950	8	37766	19754	617.0
1956	10	59286	27737	874.6
1957	11	66387	28948	913.7
1958	11	69163	30213	890.0

The production of dairy butter, ,,skyr", cheese and whey-cheese has, during the same period been as follows in 1000 kilos:

Year	Butter	,,Skyr"	Cheese	Whey-cheese
1935	88.9	231.5	181.0	19.5
1940	250.2	841.8	253.1	34.6
1945	94.0	787.6	324.3	33.5
1948	151.7	1063.6	235.3	7.7
1950	277.8	1162.0	348.4	68.2
1955	697.7	1500.1	407.3	46.8
1956	762.2	1611,6	493.6	54.3
1957	940.3	1802.8	761.5	48.5
1958	877.0	1829.0	955.0	48.0

One of the dairies began the production of dry milk in 1948. In 1957 the production was 37 thousand kilos of dry milk, and 363 thousand kilos of dry skim milk. The Government has decided that the bakers shall use dry skim milk in white bread and cakes.

The butter production for home use and for the market, other than that of the dairies is estimated to have been about 350 thousand kilos in 1956.

Factory Industry.

Factory industry in connection with the utilization of agricultural products has comparatively little advanced. The chief kind of factories manufacturing from agricultural products are: Woollen mills, leather factories, tanneries, and canning factories. The canning factories also can fish products.

The output of the above-mentioned factories was as follows in 1954 and 1957.

Wool and Woolen goods:

		1954	1957
Wool for manufacture,	tons	502	638
Yarns	—	137	127
Clothing	1000 m	105	113

Sheep skins and hides:

Tanned sheepskins and hides	1000 pieces	10.5	17.3
Tanned fleeces	— —	12.7	42.4
Canned milk	tons	174.0	144.0
Canned meat	—	—	32.0

Breeding of other Domestic Animals.

Other domestic animals than those mentioned above are few in Iceland. There are a few goats (100 in 1956) and pig breeding is rare although increasing. There are also comparatively few fowls. During 1946—50 the number of hens was about 113 thousand on the average each year, but has since increased and is now about 145 thousand. Egg production was in 1958 ca. 900 thousand kilos. There was some breeding of furred animals during a few years. In 1950 the number of furred animals in the country was about 370 but in 1955 it was only 7.

V. FISHERIES

The fisheries have always been the second chief occupation of the Icelanders, and since the 14th century fish products have been the principal export article.

The fisheries were most of the time carried on from open rowing boats with hand-lines. As part of the restoration activities which began during the latter part of the 18th century experiments were made in fishing from decked vessels. These experiments were subsidised by the king but were not successful.

During the first four decades of the 19th century the fisheries from decked vessels were subsidised by the State most of the time. About 1850 the decked vessels, which were still very small (8—15 tons) were only 25 in number. Down to 1890 the increase was still very slow. The number of the decked vessels was then just over 60, but after that they rapidly increased in number. At the end of the century they were 120 and about 170 in 1906.

The chief reason why the Icelanders increased their fisheries from decked vessels during the last ten years of the 19th century was the fact that the English now stopped using sailing vessels for fishing and began using steam ships in their place. The Icelanders could therefore get these out-of-date English fishing vessels at comparatively low prices. The establishment of the National Bank of Iceland in 1885, the first bank in the country, was also a great support to the fishing industry. Lack of capital had been the main reason why the Icelanders had found it difficult to acquire the comparatively expensive decked vessels for the fisheries.

The Icelandic fisheries had been left far behind the modern developments in the neighbouring countries. But this soon changed after the beginning of the present century. The use of sailing-vessels with handlines for fishing reached its maximum in Iceland in 1906. In that year the Icelanders made their first fairly successful experiments with steam trawlers. Shortly before the end of the last century the Norwegians began to try to use steam vessels for line-fishing at Iceland. These attempts were not successful at first, mainly because the vessels were too small. The Danes were among the first to use motor vessels for fishing and began trying them out on the Icelandic fishing grounds shortly after the beginning of this century. These attempts proved at once fairly successful.

The Shipping.

The Icelanders soon began to introduce these new kinds of fishing vessels which gradually replaced the other kinds, i. e. the sailing vessels and the rowing boats. The sailing vessels were either sold abroad (to the Faroes) or altered into motor vessels. The open boats gradually ceased to be used or they were equipped with auxiliary motors. They are still used fairly extensively in this way. The establishment of another bank in the country, the Íslandsbanki, in 1904, greatly facilitated the adoption of this intensive development of the fisheries.

The following table of the number of ships shows clearly this development from 1905 to 1950. Reliable numbers in the years 1945 and 1950 are not awailable for the small boats:

	Sailing-vessels	Motor vessels over 12 tons	Trawlers	Other steam vessels	Motorboats under 12 tons	Rowing boats
1905	165		1	3	1944	
1910	140		6	2	1724	
1915	95	40	20	6	391	1121
1920	39	120	28	2	355	1002
1925	11	201	47	27	394	811
1930	—	224	41	35	787	171
1935	—	277	37	23	665	117
1940	—	334	35	23	775	106
1945	—	385	28	14	—	—
1950	—	462	48	9	—	—

The tonnage of the country's fishing vessels (ships and boats over 12 tons) reached a maximum of 24.2 thous. gross tons in 1929 and 24.4 thous. gross tons in 1939. After the world crisis began the tonnage decreased somewhat. The number of motorboats, indeed, increased somewhat, but the steam vessels decreased, because very few were bought to replace those which went out of use.

The following survey shows the total tonnage of the fishing fleet and how it is proportionately divided between the types of vessels.

	Total gross tons (1.000)	Of these the following per cent were Sailing vessels	Motor vessels	Trawlers	Other steam vessels
1905	8.3	95.1		1.8	3.1
1910	7.7	83.1		14.3	2.6
1915	11.0	33.8	9.0	45.9	11.3
1920	13.7	8.7	25.9	63.8	1.6
1925	22.4	1.5	25.4	60.7	12.4
1930	23.3	—	23.7	59.7	16.6
1935	21.7	—	30.4	57.3	12.3
1940	24.1	—	39.9	50.5	9.6
1945	26.5	—	54.0	35.0	11.0
1950	50.8	—	44.0	53.0	3.0

The total tonnage of the decked-vessel fleet has increased more during these years than the number of the vessels. Their average size has therefore increased and the steam vessels, particularly the trawlers, have become larger. On the other hand the average size of the motor vessels has not increased and they are on the whole considerably smaller than the sailing vessels were before. Since the steam vessels began to decrease in number after 1930 at the same time as the motorboats got more numerous the average size of the decked vessels has naturally decreased again.

The average size of the vessels may be seen from the following survey (gross tonnage):

	Sailing vessels	Motor boats	Trawlers	Other steam vessels	Decked vessels, total
1905	47.8		151.0	85.0	49.0
1910	45.9		184.3	99.5	52.3
1915	39.2	24.8	253.0	208.0	68.4
1920	30.5	29.5	311.8	111.5	72.4
1925	29.8	28.3	288.7	102.6	78.2
1930	—	24.6	338.7	110.4	77.5
1935	—	23.8	335.6	116.7	64.4
1940	—	28.8	348.4	101.2	61.6
1945	—	37.0	335.0	202.0	62.0
1950	—	48.0	561.0	181.0	98.0

As mentioned before, the number of steam vessels ceased to increase after the world crisis of 1930 began. Between 1930 and 1947 no new trawlers were bought, only a few old ones, and trawlers have never been built in Iceland. Up to the last war the trawlers gradually decreased in number, and during the War several were lost owing to war operations. In 1946 the number of trawlers had shrunk to 24, since new ones could not be bought during the War.

When the War was nearing its close, measures were taken to renew and increase the fishing fleet. The Government took the initiative in making contracts about the building of fishing vessels both at home and abroad, which mainly were bought by private companies, but several by municipalities. Some, however, were bought by private companies without the mediation of the Government. The Government made contracts regarding the building of vessels as follows: In 1944 45 motor boats in Sweden, in 1945 5 more motor boats in Sweden, 31 motor boats at home, and 30 trawlers in England, in 1946 2 more trawlers and in 1948 10 more trawlers in England.

In the years 1945—51, 46 motor boats were built at home and about 120 bought from abroad. In the years 1947—52, 45 new trawlers were imported and taken into use. At the same time several of the old trawlers have been sold to other countries.

The new trawlers are considerably larger (most of them about 650 gross tons and several over 700 gross tons) than the old ones, much better equipped and have greater speed. The new trawlers were designed by Icelandic authorities and shipowners and were better equipped than most trawlers of the same size in other countries.

Number and tonnage of fishing vessels 1945—1958.

	Number			Gross tons			Average size	
	Trawlers	Other fishing vessels	Total	Trawlers	Other fishing vessels	Total	Trawlers	Other fishing vessels
1945	28	593	621	9383	18533	27916	385	31.3
1946	24	634	658	8145	22704	30849	339	35.8
1947	37	669	706	18268	26581	44849	494	39.7
1948	49	643	692	26663	26913	53576	544	41.9
1949	52	610	662	29043	27516	56559	558	45.1
1950	48	581	629	26932	24672	51604	561	42.5
1951	56	575	631	32587	25146	57733	582	43.7
1952	53	561	614	32342	24514	56856	610	43.7
1953	53	558	611	32342	24415	56757	610	43.8
1954	51	571	622	31621	24906	56527	620	43,6
1955	44	597	641	28476	26055	54531	647	43.6
1956	43	628	671	27799	27513	55312	646	43,8
1957	42	638	680	27533	28113	55646	656	44.1
1958	44	654	698	29024	28646	57670	660	43.8

The following table shows the number of vessels participating in the fisheries in 1958 and 1957 (totals only).

Month	Trawlers	Motor boats over 30 tons	Motor boats under 30 tons	Open motor boats	Total 1958	Total 1957
Jan	41	227	71	24	363	308
Febr.	42	283	101	44	470	426
March	42	310	158	75	585	569
April	43	310	171	209	733	662
May	43	280	175	316	814	622
June	43	270	158	344	810	655
July	39	291	175	291	796	689
August	41	296	153	298	788	647
Sept.	40	196	134	287	657	518
Oct.	43	164	126	213	546	376
Nov.	43	179	109	120	451	367
Dec.	41	164	83	86	374	296

The number of fishermen 1957 on these vessels were highest in April 5871 and lowest in Dec. 2985.

Owing to the fact that the boats are greatly dependent on the position of the fishing grounds the boat fisheries have always been very wide spread. As regards the big decked vessels, especially the trawlers, their position with regard to the fishing grounds is mostly a secondary question, whereas harbour conditions, employment market, banks, etc. are of primary importance. Reykjavík and the nearest harbour, Hafnarfjörður, therefore became the centres of the big fisheries.

The Icelandic fisheries are mainly of two kinds, cod fisheries and herring fisheries. The cod fisheries are chiefly off the south and south-west coasts during 4—5 months in winter, but the herring fisheries are off the north coast during 2—3 months in summer. Considerable quantities of cod are also caught off the north and east coasts whereas there is little herring off the west and south coasts.

The total yearly catches of cod (and other white fish) and herring are shown in this survey in tons in whole ungutted fish.

	Cod and white fish	Herring	Total	Cod and white fish %	Herring %
1949	322.666	71.407	394.073	81.9	18.1
1950	307.363	60.441	367.804	83.6	16.4
1951	333.173	84.617	417.790	79.7	20.3
1952	369.577	32.001	401.578	92.0	8.0
1953	361.603	69.519	431.122	83.9	16.1
1954	424.610	48.530	473.140	89.7	10.3
1955	445.522	53.593	499.115	89.3	10.7
1956	430.600	100.465	531.065	81.1	18.9
1957	400.134	117.495	517.629	77.3	22.7
1958	497.150	107.318	604.468	82.2	17.8
1959	476.900	182.887	659.787	72.3	27.7

The Cod fisheries.

The following table shows the proportionate catches of cod and other white fish (except herring) during the years 1947—1959.

The table shows that cod is by far the most important fish, but the related species, especially coalfish, haddock and redfish also play an important part.

	Cod	Coalfish	Haddock	Catfish	Redfish	Halibut & plaice	Other fishes	Not specified
1947	70.6	12.2	6.1	2.5	3.8	2.3	2.5	—
1948	56.0	20.9	6.5	4.2	7.9	2.5	2.0	—
1949	61.7	12.2	7.1	4.2	10.1	2.5	2.2	—
1950	60.6	4.9	6.3	1.8	23.2	1.5	1.7	—
1951	54.5	4.7	4.8	2.2	11.0	1.8	1.3	19.7
1952	70.6	8.1	3.2	2.8	12.1	0.7	2.1	0.4
1953	72.5	7.7	2.8	3.3	11.3	0.4	1.7	0.3
1954	70.8	3,9	3,7	1.4	17.5	0.2	1.5	1.0
1955	70.0	2.7	3.3	1.0	20.3	0.2	2.0	0.5
1956	68.2	5.5	4.7	1.7	17.6	0.5	1.2	0.6
1957	63.1	4.5	6.3	2.8	19.3	1.2	1.9	0.9
1958	59.2	3.0	4.7	2.4	27.6	0.4	2.4	0.3
1959	60.8	3.2	4.9	2.3	26.0	0.5	1.8	0.5

The Utilisation of the Catch.

Until a short time ago there was hardly any question of other products from the codfisheries than fish and liver. The utilisation or the curing of the fish has varied considerably. Right down to the latter half of the 18th century the Icelanders dried (and hardened) almost all their catch of fish. This method of curing consists in hanging up the fish while it is fresh and drying it until it has gone quite hard. At the same time, especially later on, the fish was also sometimes salted and preserved wetsalted. In the latter half of the 18th century a new method was introduced, which was known from the beginning of the monopoly period but had not been widely adopted This method of curing which has been generally practised until these last years is that the fish is salted after having been gutted, headless and split. When the fish has remained for some time in the brine, it is washed and then put out for drying. This method demands considerable accuracy and care, and for a long time it was very imperfect in many respects. This was especially the case while there was no general inspection. During the last quarter of the 19th century the fish-curers in the south of the country established joint rules for the curing. In 1909 Government inspection of the curing of all salted fish was established. Special officials are now appointed under the control of a joint board to carry out the sorting of the fish. In this way was secured the manufacture of a standard article.

The curing of dried (stock) fish gradually ceased entirely in the 19th century. Since then the greatest part of the fish has been exported fully salted and dried. Fish curing sheds were erected in various places in the country.

About 1930 there was great difficulty in selling saltfish which resulted in a heavy drop in the prices of fish. It was found necessary to establish a joint organisation to be in charge of the sale of fish. Stocks of fish accumulated which proved almost unsalable. In 1932 the Union of Icelandic Fish Producers was established to take charge of the exportation and sale of saltfish. About 90% of all fishproducers agreed to let the Union sell their fish for them. The Union has since then effected the sale of the majority of the saltfish production of the country.

The principal market for the fully cured saltfish was in the Mediterranean countries, especially in Spain. This market became greatly restricted and was partly closed during the years after 1930, especially after the Spanish civil war began.

When the market for saltfish began to be seriously threatened, endeavours were made to make the fish production more varied than before.

Quick freezing plants were then built in various places in the country (mainly since 1937) which receive the fish fresh, from the motor boats or on ice from the trawlers, fillet and freeze for export. There are now functioning about 80 freezing plants of this kind which can freeze about 1100 tons of fish-fillets in 16 hours.

Among other things that were done to vary the fish-production the fishing for redfish, which had never been utilized in Iceland before, was begun in 1935, in order to manufacture from it oil and meal in the herring factories and other fishmeal factories. In the last years or after 1950 the redfish has mainly been cured as quick frozen fillets. In addition to this experiments were made with drying (stock) fish, especially coalfish for export. This production however was on a small scale until about 1950.

After trawlers began being used for the fisheries they took their catches abroad in late summer and early winter preserved on ice at the conclusion of each fishing trip. This is usually called ice-fishing in contrast to fishing in salt, the latter extending over the main cod fishing season from January into May.

In the years 1953—1958 the sales of the trawlers of fish on ice were as follows:

Year	Trips	Catch 1000 kg.
1953	38	8,2
1954	53	11.7
1955	47	11.2
1956	96	18.2
1957	99	17.2
1958	57	9.9

In addition to the trawlers, line-fishing vessels and even the largest motor boats have taken fish on ice to foreign markets although this was rather rare until the beginning of the World War II and after 1950 they again ceased.

The chief market for ice-preserved fish has always been in England, but since 1952 Germany has bought an increasing share of fish on ice. Landings in Britain were 42 in 1957.

During the period from 1949 to 1958, the catch of the Cod-fisheries was cured by different methods as shown in % ir the following table:

	Salted	Iced	Frozen	Canned	Dried	Fish meal	Domestic Consumption
1949	15.9	53.5	29.3	0.0	0.0	0.0	1.2
1950	37.9	12.2	21.7	0.0	0.2	27.2	0.8
1951	22.0	18.3	32.6	0.1	2.4	23.5	1.1
1952	41.7	9.4	41.0	0.1	4.8	2.2	0.8
1953	32.5	2.8	36.1	0.1	26.9	0.5	1.1
1954	25.3	3.4	52.9	0.1	15.7	1.8	0.8
1955	29,9	3.2	47.8	0.1	16.8	1.5	0.7
1956	29.4	5.3	47.9	0.0	13.9	2.5	1.0
1957	24.5	5.4	56.4	0.0	10.8	1.9	1.0
1958	19.5	2.5	64.9	0.0	10.5	1.3	1.3

It is apparent, as previously shown, that the profitable use of the catch depends first and foremost on the market possibilities at any one time. About 1950 a market opened for dried fish, and stockfish production was re-commenced, though in rather a different way than before, (formerly the fish was gutted, the head removed, and then flattened before it was hung up to dry, whereas now it is not flattened).

The following figures show the amount of fish salted, quick frozen, iced and dried since 1952, in tons, gutted with head. (About 80% of the weight of fish taken from the sea.)

	Salted	Frozen	Iced	Dried	For meal & oil
1952	127103	124892	28755	14715	6582
1953	95149	105905	8216	78995	1435
1954	86164	179450	11765	53293	6048
1955	106734	170252	11323	59969	5419
1956	100781	164368	18283	47635	8486
1957	77667	179855	17314	34477	78315
1958	77395	258251	9826	41740	37920

Up to the last world war saltfish was exported mainly „fully processed", so called, although it was dried to various degrees according to the intended market. Of late years the main part af the saltfish export has been unprocessed, as the following survey shows, in tons: —

	Fully processed	Unprocessed	Total equivalent in fully processed fish
1952	6861	46306	42367
1953	9537	26306	31672
1954	7952	28379	31830
1955	9773	32581	35838
1956	8619	33178	35161
1957	5747	27227	27529

The weight of the saltfish compared with fish fresh from the sea varies according to the method of processing. Fish which is gutted, decapitated and flattened, and which has lain 50 days in brine weighs 33.75% of the weight of fish fresh from the sea, but fully processed saltfish at its driest (i.e. for the Brazilian market), weighs 56.48% of 50 days salted fish. In one ton of such fish goes 5.25 tons of fresh fish.

The following survey shows the proportionate monthly catches of cod (and white fish) and herring 1945, 1950 and 1954—1957.

Cod fisheries	Jan.	Feb.	March	April	May	June	July	August	Sept.	Okt.	Nov.	Dec
1945	7.6	9.0	18.2	19.7	12.1	7.7	5.1	4.7	3.5	4.9	4.2	3.3
1950	3.0	9.4	15.8	17.9	11.3	7.4	6.4	7.1	3.2	3.6	7.0	7.9
1952	4.8	8.7	13.2	19.7	10.9	7.6	5.2	6.2	4.8	5.4	7.2	6.3
1953	4.4	11.1	12.0	22.2	14.1	5.9	2.9	2.9	4.6	6.4	5.8	7.7
1954	6.1	8.9	15,4	20.8	13,2	7.3	3.1	3.8	5.8	6.0	4.7	4.9
Herring fisheries												
1945	—	—	—	—	—	—	48.3	41.1	7.6	3.0	—	—
1950	—	—	—	—	0.2	0.1	25.6	31.2	19.8	5.7	12.2	5.2
1951	—	—	—	—	0.2	0.6	39.5	44.3	12.3	2.3	0.8	—
1952	—	—	—	—	—	—	21.4	26.0	38.7	13.6	0.3	—
1953	—	—	—	—	—	0.5	44.5	24.8	18.7	3.1	6.4	2.0
1954	0.3	—	—	—	—	—	41.8	18.6	33.3	4.1	0.8	1.1
Total												
1945	6.2	7.4	14.8	16.1	9.9	6.3	13.0	11.4	4.3	4.6	3.4	2.6
1950	2.5	7.9	13.2	14.9	9.5	6.2	9.6	11.0	5.9	4.0	7.9	7.4
1954	5.3	7.8	13.5	18.1	11.5	6.4	8.0	5.7	9.4	5.7	4.2	4.4
1955	5.1	10.6	13.4	19,4	9.4	4.4	7.1	6.8	7.3	7.1	5.1	4.3
1956	2.6	8.6	12.5	16.8	7.0	6.8	18.1	7.4	5.1	6.2	5.5	3.4
1957	3.3	6.7	12.0	14.1	8.1	10.3	15.9	11.4	4.5	3.9	4.7	5.1

Formerly, saltfish was principally sun-dried, but from after the last world war it is nearly all dried in factories, which have been built throughout the country.

Different kinds of fish entering the freezing plants for processing yield different amounts of fillets or fully processed goods. There is most offal with redfish and least with cod. The amount of offal then also varies according to the method of processing. It is said that redfish fillets amount to 20 to 25% and cod fillets to 29 to 35% of the gutted fish with head after processing, and other kinds of fish lay somewhere between. Dried fish (stockfish) on the other hand amounts to only 17%.

The following table shows the production of fish fillets and stockfish from 1950—1958 in tons.

	Quick-frozen fish, tons	Stockfish tons
1950	19907	84
1951	30575	1160
1952	37090	2500
1953	31468	13420
1954	55668	9060
1955	52862	10200
1956	48527	8100
1957	55649	6033
1958	74913	7090

Fish offal, which has increased in proportion to the increased fish processing in the country, now goes almost wholly into the fish-meal factories, along with fish which is unusable for other purposes. In some years redfish and coalfish have been caught especially for rendering into meal and oil. Fishmeal production has, in consequence of the above, been greatly augmented of late years.

The total production of fish-meal and redfish and coalfish oil has been as follows, in tons.

	Fish-meal	Redfish and coalfish oil
1945	4160	—
1950	22556	3645
1952	21471	2064
1953	20561	1880
1954	31485	2828
1955	33064	4021
1956	32403	3197
1957	30286	2898
1958	36830	4577

The Cod-liver Oil Production.

In addition to the fish the cod liver oil has been the article second in importance in the production of the cod-fisheries. The oil is manufactured from the liver by rendering. The highly valuable medicine liver oil is manufactured from cod liver oil. The manufacture of cod liver oil has developed greatly of late years, so that much more valuable oil can now be obtained from the liver than before. In about 1928 the method of steam rendering the fresh liver on board the trawlers was adopted instead of the earlier one of keeping it until it was landed. In the largest fishing centres the manufacturers have formed themselves into unions and erected rendering plants with all the most up-to-date equipment for destearinating the liver oils. The methods of manufacture have gradually been improved to a great extent. The greater part of the cod liver oils is now used for the manufacture of medicinal cod-liver oils.

In earlier times, especially in the 19th and the first decades of the 20th century shark fishing was fairly extensively carried on. Shark-liver oil was then a profitable export article. The shark fishing seemed to be rather on the increase down to about 1880, but declined after that and the cod liver oil gradually replaced the shark liver oil in the market. At the beginning of the present century the shark liver catch exceeded that of the cod liver, but shortly after 1920 production of shark liver oil was abandoned. — Cod liver yields and Cod liver oil production during the period of 1946—1958 was as follows (1 l. = 0.97 Kg.).

Year	Cod liver (1000 liters)	Cod liver oil (1000 kilos)
1946	12821	6193
1947	15036	7318
1948	18825	8858
1949	16067	7803
1950	13349	6647
1951	14574	7385
1952	21751	10980
1953	. . .	11378
1954	. . .	10404
1955	. . .	10778
1956	. . .	11016
1957	. . .	9321
1958	. . .	9700

By more efficient processing, the amount of oil extracted from fish liver has risen considerably, the average yield being about 55%. The efficiency is greater when the liver is rendered on land, (the smaller fishing boats) rather than at sea, (the trawlers).

The Herring Fisheries.

The herring fisheries are a comparatively recent occupation. The Norwegians began fishing for herring round Iceland during the 6th decade of the last century, but were not able to obtain any great results until about 1880, and soon the Icelanders themselves began to follow in their steps. The herring fisheries could, however, not develop properly at that stage of technique of the fishing, or while bar-nets and casting-nets only were used and it was not until after or about the beginning of the present century that driftnet and purse-seine and machine-propelled vessels came into use for the herring fisheries making it possible to run them on a large scale. The Icelanders began to use purse-seine in 1905.

The herring fisheries developed fairly quickly in Iceland after this fishing gear began to be generally used. On the other hand these fisheries have often proved a risky and insecure occupation, not so much because of shortage of herring but first and foremost because the market for herring has been greatly limited and the prices unstable. The results have therefore often been worst when the catches have been best, the supply has caused the prices to drop. It was therefore essential that a sensible organisation of the manufacture and sale of the products should be found in order to adjust the production according to the requirements of the markets.

In 1929 there was established a state monopoly on herring, but this monopoly went bankrupt and was therefore abandoned in 1932. In 1935 the socalled State Herring Board was established by Act of the Althing. One of the tasks of the Board is to decide when the curing (salting) of herring is to begin and when to stop, but in addition to this the Board has had a monopoly on Matjes herring.

The production of salt herring has thus of late been adjusted according to the requirements of the market by government measures. But in addition it was necessary to be able to utilise the herring catches in some other way and great stress has therefore been laid on the manufacture of herring meal and oil.

The first herring factories were built in Iceland in 1911 by Norwegians, who built some more factories during the following years. The Icelanders themselves did not start running herring factories until 1925. Since then they have gradually increased in number and the State has run herring factories since 1930. At the end of the year 1950 there were 23 herring factories with a capacity of about 102,850 "mál" ("mál" = 135 kilos) per 24 hours. Of these 7 were State-owned with a capacity of 34.850 "mál".

The herring is rendered or salted, but a comparatively small part cured in a different manner (canned, quick-frozen etc.) as shown on the following table (1 hectoliter = 90 kilos):

Year	The total herring catch tons	Salted herring barrels	Rendered herring hectoliters
1943	181.958	53.680	1.895.395
1944	221.843	35.180	2.355.207
1945	60.316	95.395	463.236
1946	131.722	168.470	1.172.300
1947	216.948	64.796	2.004.565
1948	150.122	114.799	1.511.888
1949	70.407	129.124	511.145
1950	60.441	187.269	286.649
1951	84.617	153.788	656.423
1952	32.001	119.973	85.297
1953	69.518	230.974	301.047
1954	48.530	140.030	233.320
1955	53.593	265.922	49.140
1956	100.465	380.443	402.200
1957	117.495	201.151	870.167
1958	107.319	396.000	421.333

The production of the herring factories has been as follows during the last 13 years.

Year	Herring oil tons	Herring meal tons
1946	19.470	19.724
1947	21.438	17.936
1948	6.540	6.874
1949	7.631	8.130
1950	4.328	4.955
1951	11.990	10.225
1952	1.366	1.800
1953	4.960	5.453
1954	3.825	3.883
1955	1.774	2.012
1956	8.514	7.485
1957	11.279	13.579
1958	5.880	6.880

In the years 1945—56 inclusive the herring fishing in the North failed, the catch being very much less than before, in spite of more vessels and better equipment being used. In the years 1946—48 on the other hand, there was unusually much herring on the South-West coast, and the better figures for those years are due primarily to this.

Herring is very little used for human consumption in Iceland, but some herring is however used, especially as fodder for animals. Herring is also much used for bait for line-fishing. Herring for bait, which is caught in different places round the coast and partly out of the main herring season is not included in the above-mentioned survey of the herring catch. The herring for bait is frozen and kept in ice-houses, which also sell ice to trawlers during the ice-fishing season. The first ice-house was built just before the end of the last century but shortly after ice-houses were built in all parts of the country.

The following amount of herring for bait (including cuttlefish) was frozen during the period of 1945/58.

Year	Tons	Year	Tons
1945	5.933	1952	8.112
1946	5.274	1953	11.269
1947	6.831	1954	7.304
1948	2.985	1955	10.129
1949	7.950	1956	12.909
1950	7.099	1957	12.024
1951	4.998	1958	15.939

Protection of Fishing Grounds.

In order to protect the fishing grounds around Iceland from over-fishing, the Icelandic Government in 1952 enacted a law extending the territorial limits round the coast, according to the provisions of a law from 1948 concerning the scientific protection of the fishing grounds.

All trawling, both by foreign and Icelandic vessels, was equally forbidden within the new territorial limits. The English trawler owners, who considered these limits to trawling damaging to their interests, replied to the measures of the Icelandic Government by preventing the landing of ice-fish from Icelandic ships in English ports. In spite of repeated attempts to reach an agreement the landing ban was neither withdrawn nor modified until in November 1956 it was cancelled. In 1958 the territorial waters were again extended to 12 miles and the British again protested this time with armed force. Other nations have not violated the new 12 mile-limit.

VI. INDUSTRY.

As mentioned above independent industries could not thrive in the country while the people were living spread in the rural districts and no towns had developed. In earlier times, however, extensive home industry flourished in Iceland. The people themselves not only made most of their clothes from the wool of sheep, but such articles as home-spun cloth, knitted goods and woollen yarn, were also very important articles of export, and were greatly in use as a commodity on the homemarket. The home industry very soon fashioned itself according to the commercial position.

For a long time woollen articles, especially homespun cloth, were one of the principal commodities of Iceland. Raw wool was not exported to any extent until the latter half of the 17th century, but in the 18th century it had become an export article of considerable importance. After the trade had been made free, the prices of wool increased considerably and at the same time foreign industrial articles became more easily obtainable than before. The export of woollen articles soon decreased and raw wool became of primary importance for export.

When villages and towns began to form various trades and handicrafts gradually began to make their way there. About 1880 only 2.1% of the nation lived by trades and handicrafts, whereas in 1920 this figure had come up to 11.8%, in 1940 to 21.3% and 1950 32.5%. Factory industry did not come into existence here until the present century and then only during the very latest years.

The industrial life in connection with agriculture and fisheries has been briefly described above.

Industry based on the manufacture from foreign raw materials or half manufactured articles has risen up here to some extent of late years, but this is only on a small scale as may be expected. We shall briefly mention the most important of these.

I. Articles for manufacture: Hemp and yarns, fishing-lines, snoods, cod nets, floats, barrels (wooden and steel), boxes, tins, electric cookers, electric stoves paints, enamel, acetylen gas, and oxygen.

II. Clothing: Seamen's clothes, work clothes, shirts, shoes, gloves, handbags, caps, and knitted garments.

III. Toilet articles. Soap, soap powders, shoe polish, candles, hair lotions and beauty aids.

IV. Foods manufacture: Margarine, biscuit, jam, baking powders, chicory, chocolate, boiled sweets, confectionery, toffees, beer and minerals.

Considerable industry has sprung up in connection with the automobile services which have greatly increased of late years and also with shipbuilding and repairs and further with all kinds of machinery and electrical activities, etc.

All industry in Iceland has been on a small scale, although rather large undertakings have arisen in connection with the fishing industry, the production of which, taken as a whole, can be classed as large scale. The first attempt at large scale production however commenced in the years 1952 to 1954.

In May, 1952 the construction of a fertiliser plant was begun on a site near Reykjavik, the capital. The plant started production on the 7th of March, 1954 and the annual output is 19.000 tons of fertiliser (ammonium nitrate). Home consumption of this type is 18.000 tons, the excess being exported.

A cement factory began production in the summer 1958. It is situated at Akranes, an hour's sailing from the capital. Its productive capacity is 120.000 tons. The main product is portland cement but it also produces high early strength cement and pozzolana cement and ca. 20.000 tons of lime.

In the years 1946 to 1952 imports of cement reached a yearly average of 51,000 tons, but has since increased and was about 90.000 tons in 1957/58. Up to now concrete has not been used for road surfacing in Iceland, but many concrete bridges have been built over a long period.

VII. TRADE.

The commercial position of Iceland down to about 1855 was briefly described above, when the Danish monopoly was abolished and the trade made free to all nations.

During the period of monopoly, 1602—1786, the trade was entirely in the hands of the Danes and the Icelanders could take no part in it. When trade was made free to all subjects of the King of Denmark in 1786 the Icelanders could themselves begin to take part in it, but for various reasons this was fraught with enormous difficulties to begin with.

When trade was made entirely free in 1855 32 out of 58 permanent trading enterprises of the country were owned by foreigners. In 1875 just under one half of the permanent business houses were in the hands of Icelanders (35 out of 72). After that the Icelandic busniess houses gradually gained majority. At the beginning of the century 15% and in 1920 only 5% of the business enterprises of the country were owned by foreigners or persons residing abroad.

Until the beginning of the present century all trade in this country was retail trade and practically all commission and wholesale business was still in Danish hands. This branch of trade could not be brought into the country until telegraphic communications had been established with other countries.

In 1906 a cable was laid to Iceland and telegraphic connections established. That same year the inland telephone and telegraph system was installed. Both these events mark a turning point in the development of the trade of the country. Commission and wholesale business gradually made their entry into the country and got into the hands of the Icelanders themselves. Reykjavík soon became the centre of Icelandic commerce and acquired the same position in this respect as Copenhagen had had before. A large majority of the wholesale enterprises, 80—90%, have had their domicile in Reykjavík. Of retail houses over 50% are now in Reykjavík, but only just over 20% during the first decade of this century.

Since 1901 the number of permanent business enterprises has been as follows: —

Year		Wholesale	Retail
1901—05	(average)	—	273
1906—10	—	—	416
1911—15	—	16	476
1916—20	—	36	658
1921—25	—	50	752
1926—30	—	68	859
1931—35	—	78	987
1936—40	—	84	996
1941—45	—	148	1114
1946—50	—	208	1337
1953	....	261	1464
1954	....	278	1505
1955	....	291	1489
1956	....	300	1523
1957	....	304	1566

The co-operative movement played a considerable part in getting the trade into the hands of the Icelanders themselves, especially in the more outlying trading stations in the country. The first co-operative society was established during the winter of 1881—82 in the north of Iceland. After that other co-operative societies were gradually established in other parts of the country. In 1917 the co-operative societies formed a "Federation" which has since its establishment been in charge of the wholesale trade for the societies, both the sale of home products and the purchase of foreign goods. At the end of 1953 57 societies with a membership of about 31,0 thousand belonged to the Federation of Iceland Cooperative Societies.

The Trade Turnover.

As may be expected Iceland's trade turnover with other countries is comparatively very high as the nation has to obtain most necessities other than the products of the agriculture and fisheries from other countries. In the year 1957 for example turnover was about kr. 6000 pr. head excluding freight.

Since the year 1911 the trade turnover has been as follows (CIF price for imports ad FOB price for exports):

Year		Imports	Exports	Exports exceeding imports
1911—15	(average)	18.1	22.4	4.3
1916—20	—	53.7	48.5	÷5.2
1921—25	—	56.6	64.2	7.6
1926—30	—	64.9	66.1	1.2
1931—35	—	46.4	48.7	2.3
1936—40	—	57.0	74.1	17.1
1941—45	—	239.5	228.9	÷10.6
1946—50	—	478.9	338.0	÷140.9
1951		924.0	726.6	÷197.4
1952		909.8	641.3	÷268.5
1953		1110.4	706.4	÷404.0
1954		1130.5	845.9	÷284.6
1955		1266.1	847.8	÷418.3
1956		1468.5	1031.5	÷437.0
1957		1361.9	986.6	÷375.3
1958		1400.0	1069.1	÷330.9
1959		1546.0	1059.3	÷486.7

Countries trading with Iceland.

As may be expected Denmark was for a long time after the monopoly had been abolished the chief trade connection of Iceland. England's share in the trade, however, soon began to increase. The Icelandic trade has mainly been connected with these two countries, in addition to the Mediterranean countries which, until a few years ago, had for a long time received the greater part of the export products, and to Norway, Sweden and Germany, all of which played a fairly important part in the import and export trade of the country of late years, before the outbreak of the last war. The share of the various countries receiving most of the trade before the second world war has been as follows, as compared with the value of the goods: —

	1910 %	1915 %	1920 %	1925 %	1930 %	1935 %	1939 %
Imports:							
Denmark	43.0	43.3	31.9	33.3	28.1	21.0	21.8
Great Britain	32.5	30.6	38.7	34.3	26.9	29.4	24.3
Norway	9.2	10.0	2.7	13.3	10.8	10.6	9.2
Sweden	1.6	2.6	4.0	2.6	4.8	7.2	7.6
Germany	9.2	4.4	2.3	5.7	15.9	13.4	16.2
Other countries	4.5	9.1	21.4	10.8	13.5	18.4	20.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Exports:							
Denmark	33.0	38.2	13.4	10.1	4.3	8.3	9.5
Great Britain	18.1	14.1	18.7	13.2	15.5	15.2	17.4
Norway	8.7	26.1	10.8	11.6	8.2	7.8	10.9
Sweden	5.0	5.3	6.0	8.1	6.2	9.3	12.4
Germany	0.2	0.0	0.5	1.7	8.2	10.7	10.8
Spain	20.8	10.8	35.8	40.5	34.0	12.8	0.0
Italy	8.4	4.4	11.3	9.8	12.6	5.9	6.8
Other countries	5.8	1.1	3.5	5.0	11.0	30.0	32.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

The survey shows that the trade with Denmark decreased a great deal in proportion, especially as regards exports from Iceland to Denmark. Several countries which down to 1930 had exported very little to Iceland had become of considerable importance in this respect in 1939, e. g. Italy with 8.5% and the U.S.A.

with 3.6%. In the export trade, however, much more radical changes had taken place. Spain which received more than one third of the export values during the years 1920—1930 was entirely closed for Icelandic products in 1939, but various other countries had become of comparative importance, e. g. U.S.A. with 11.0%, Netherlands with 6.6% and Portugal with 7.6%.

During the last war almost all our foreign trade was done with England and the United States of North-America. According to value, imports from England in 1944 amounted to 20.7%, those from the U.S.A. to 66.7%, and those from Canada, to 11.1%. That same year England took 89.5%, the U.S.A. 9.4% of our exports.

This is now quite different as the following survey of the share (%) of the various countries in the import and export value shows:

Imports	1951	1952	1953	1954	1955	1956	1957	1958
Denmark	5.4	6.0	7.2	6.3	6.0	5.9	7.0	9.6
Norway	1.3	1.8	2.1	2.2	2.4	2.3	3.2	2.6
Sweden	4.8	4.0	2.6	5.2	4.4	3.5	3.1	2.4
Finland	4.0	3.8	5.0	7.4	3.4	4.0	4.7	4.8
United Kingdom	28.8	20.7	11.5	11.4	10.9	9.2	11.6	10.2
Germany (Western)	4.7	4.5	6.2	8.2	10.1	9.7	7.7	9.4
Germany (Eastern)	—	—	1.3	2.0	2.1	2.7	4.5	4.6
Netherlands	3.8	2.5	3.1	3.1	4.5	4.4	3.4	3.3
Belgium	2.4	3.4	2.2	2.2	1.6	1.5	1.4	1.2
Spain	4.5	3.0	3.9	4.3	2.8	2.9	2.2	2.0
Italy	3.0	1.0	1.1	2.1	1.6	1.9	2.5	1.5
Czeckoslovakia	2.1	2.5	2.2	2.7	4.1	5.3	5.5	7.7
Poland	3.9	4.0	2.5	1.8	2.2	1.7	2.5	2.3
U.S.S.R.	0.0	0.0	2.3	11.7	13.6	16.5	20.5	17.5
United States	13.0	20.4	26.5	20.2	22.4	16.7	13.3	13.9
Canada	0.9	1.0	1.0	0.3	0.3	0.3	0.2	0.2
Brazil	2.1	1.8	2.1	2.5	2.1	2.8	1.7	1.8
Netherl. poss. in America	9.9	15.7	10.4	1.6	1.5	1.3	1.4	1.1
Other countries	5.4	3.9	6.8	4.8	4.0	7.4	3.6	3.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Exports	1951	1952	1953	1954	1955	1956	1957	1958
Denmark	2.8	10.0	2.1	3.1	2.5	2.2	2.3	2.4
Norway	1.7	0.5	2.7	4.9	3.4	0.4	1.2	1.4
Sweden	3.3	3.2	4.3	2.1	4.5	3.5	4.7	5.2
Finland	4.3	5.6	7.6	3.2	7.2	4.6	5.6	3.3
United Kingdom	23.4	13.9	10.5	9.4	8.3	9.4	9.4	7.6
Germany ((Western)	3.5	5.3	7.1	6.5	4.6	9.3	8.6	10.5
Germany (Eastern)	—	1.1	3.8	2.0	2.3	2.9	4.5	7.6
Netherlands	11.5	2.6	2.0	4.1	2.3	2.8	1.4	1.8
France	1.4	1.9	—	1.4	1.8	1.4	0.9	0.9
Spain	5.4	3.3	3.7	2.6	3.4	3.0	1.6	2.1
Portugal	1.0	0.1	5.0	2.7	3.9	5.0	4.2	4.1
Italy	6.2	12.1	4.4	7.1	7.7	5.2	3.6	3.2
Greece	2.1	3.3	2.2	1.1	1.6	1.5	1.6	1.1
Czechoslovakia	2.4	2.5	1.8	5.4	4.3	5.8	5.8	6.8
Poland	5.2	3.3	1.7	2.2	2.6	1.4	1.7	3.8
U.S.S.R.	—	—	12.7	15.2	18.4	19.7	21.6	16.5
United States	18.3	24.7	15.3	17.0	11.7	12.4	9.2	12.4
Brazil	1.6	0.7	3.5	3.2	4.6	3.0	2.2	1.6
Other countries	5.9	5.9	9.6	6.8	4.9	6.5	9.9	7.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Division of Import according to Use.

Figures of net weight of imported goods show that during the last few years preceding the last war the quantity of the imports had changed very little; it was 334 million kilos in 1935 and 342 million kilos in 1939. The quantity of the exports, on the other hand, had increased proportionately much more during the same period or from 117 million kilos til 150 million kilos.

Since the war the quantity of exports and imports has increased considerably. The total weight of imports and exports has been as follows since 1945 in 1000 kilos.

	Imports	Exports
1945	329344	199985
1950	488825	148914
1953	599200	169419
1954	583000	199550
1955	643500	198718
1956	718400	241179
1957	663300	235233
1958	673000	255203
1959	. . .	239408

The division of the imports according to value shows that the importation of food and other foodstuffs has decreased proportionately whereas the importation of goods for manufacture and industry has increased to the same extent. The proportionate division of the importation has been as follows: —

	1940	1945	1948	1957
Food	15.8%	13.2%	13.1%	11.7%
Foodstuffs	10.7%	22.3%	9.1%	9.5%
Goods for manufact.	65.8%	45.2%	44.6%	56.2%
Machinery etc. for manufact.	8.7%	19.3%	33.2%	22.6%

The cif-value of the imports was divided as follows in 1958 according to the principal classes of goods (in 1.000 krónur)

		%
Cereals and cereal preparations	53.283	3.8
Fruits and vegetables	26.033	1.9
Sugar and sugar preparations	22.129	1.6
Coffee, tea, cocoa, spices, and manufactures thereof	28.734	2.1
Feeding stuff for animals (not incl. unmilled cereals)	5.842	0.4
Miscellaneous food prepar.	2.540	0.2
Beverages	7.949	0.6
Tobacco and tobacco manufactures	17.307	1.2
Hides, skins and fur skins, undressed	1.240	0.1
Wood, lumber and cork	57.249	4.1
Textile fibres (not manufactured into yarn, thread or fabrics and waste)	7.920	0.6
Crude fertilizers and crude minerals, excl. coal, petroleum and precious stones	13.029	0.9
Animal and vegetable crude materials, inedible, n.e.s.	6.222	0.4
Mineral fuels, lubricants and related materials	203.753	14.6
Animal and vegetable oils, fats, greases and derivat.	14.195	1.0
Chemical elements and comp.	7.873	0.6
Dyeing, tanning and colouring materials	7.791	0.6
Medicinal and pharmaceutical products	13.254	0.9
Essential oils and perfume materials, toilet, polishing and cleansing preparations	8.561	0.6
Fertilizers, manufactured	17.014	1.2
Explosives and misc. chemical materials and products	14.650	1.0
Leather, leather manufactures, n.e.s. and dressed furs	2.443	0.2
Rubber manufactures n.e.s.	22.601	1.6
Wood and cork manufactures (excluding furniture)	31.452	2.3
Paper, paperboard and manufactures thereof	33.290	2.4
Textile yarn, fabrics, made-up articles and rel. products	152.617	10.9
Non-metallic mineral manufactures n.e.s.	41.732	3.0
Silver, platinum, gems and jewellery	1.232	0.1
Base metals	74.002	5.3
Manufactures of metals	60.769	4.3
Machinery other than electric	118.565	8.5
Electric machinery, apparatus and appliances	81.769	5.9
Transport equipment	142.880	10.2
Prefabricated buildings, sanitary, plumbing, heating and lighting fixtures and fittings	9.137	0.7
Furniture and fixtures	1.674	0.1
Clothing	20.615	1.5
Footwear	18.589	1.3
Professional, scientific and controlling instruments; photographic and optical goods, watches and clocks	17.926	1.2
Miscellaneous manufacturing articles n.e.s.	25.582	1.8
Other goods	4.149	0.3
Total	1397.592	100.0

The consumption of luxuries has been as follows per head:

	Coffee and Chicory	Sugar	Tobacco and Cigars	Beer	Alcoholic beverages in pure alcohol
	kg.	kg.	kg.	litres	litres
1936—40	6.5	43.7	0.9	3.4	0.9
1941—45	8.3	41.4	1.2	13.3	1.2
1946—50	8.9	39.8	1.6	8.7	1.8
1954	8,3	46.1	1.2	8.7	1.6
1955	8.2	45.2	1.5	8.1	1.5
1956	12.1	54.1	1.5	9.6	1.3
1957	6.7	56.2	1.4	9.0	1.7
1958	9.1	48.5	1.6	8.5	1.8

The Division of Export Products according to Occupations.

By far the greater part of the export goods are the products of the fisheries. During the first two decades of the century agricultural products were over 20% of the exports, during the 3rd decade 12%, but now during the last years 5—8%. Just about and after the beginning of the century whale products were of considerable importance in the export trade. Proportionate division of the export goods has been as follows in the period 1916—1958:

Year	Fishery products	Whaling products	Agricultural products	Other	Total
1916—20	74.6	—	22.4	3.0	100.0
1921—25	85.1	—	13.1	1.8	100.0
1926—30	87.9	—	11.1	1.0	100.0
1931—35	89.4	0.0	9.5	1.1	100.0
1936—40	87.4	0.4	11.2	1.0	100.0
1941—45	92.3	—	6.3	1.4	100.0
1946—50	87.2	2.9	7.9	2.0	100.0
1952	91.0	1.4	5.7	1.9	100.0
1953	94.1	1.7	3.7	0.5	100.0
1954	95.5	1.5	2.2	0.8	100.0
1955	91.8	1.1	5.9	1.2	100.0
1956	89.8	1.8	7.0	1.4	100.0
1957	90.6	1.9	6.0	1.5	100.0
1958	91.3	1.6	6.2	0.9	100.0

Sea Products.

The exportation of all sea products has greatly increased since for example the beginning of the century, although the increase has been unequal. Then almost exclusively fully cured saltfish was exported whereas in 1939 it took the third place and came after both saltfish which was not fully cured and fresh fish.

During the last war by far the greatest part of the fish was exported in a fresh or frozen condition or on ice.

The exportation of the principal sea products has been as follows since the beginning of the present century (in 1.000 kilos): —

		Fully cured saltfish	Partly cured saltfish	Fresh fish	Herring other than frozen 1000 kilos	Herring oil	Codliver & sharkliver oil
1901—05	(average)	14625	331	—	5504	—	—
1916—20	—	20386	4651	4100	14472	439	2215
1921—25	—	37493	11016	7065	17055	2018	4807
1926—30	—	49917	20719	9071	17963	5422	5236
1931—35	—	51766	16766	17856	20138	8816	4931
1936—40	—	22122	15636	33714	21980	19667	5203
1941—45	—	1540	5690	143542	5777	24915	6105
1946—50	—	1229	19765	106791	12304	15864	7783
1954		7952	30420	62289	15929	5757	12935
1955		9773	32581	61785	23847	1619	13485
1956		8619	33178	75828	28351	5331	14343
1957		5747	27533	74017	26049	8664	10251
1958		7857	20955	75838	30523	10665	13858
1959		7968	16736	83747	27295	2030	14826

The export of herring meal and fish meal has been as follows since 1920 (1000 kilos):

Year		Herring meal	Fish meal
1931—35	(average)	7327	5483
1936—40	—	19340	5390
1941—45	—	14931	2379
1946—50	—	11548	7637
1954		2454	28423
1955		327	26705
1956		1876	26242
1957		8090	29204
1958		11601	42681
1959		8107	35401

Products from Redfish, included in the export figures of codliver oil and fish meal, are as follows, in 1000 kilos:

Year	Oil	Meal
1955	3463	5770
1956	3122	5914
1957	2594	4940
1958	4442	16146
1959	5551	11190

Some export has been of other fish-products than already stated, especially the last few years. The export of these products has been as follows in 1000 kilos:

Products	1954	1955	1956	1957	1958	1959
Stockfish	12935	6553	11500	10155	5240	7673
Canned fish-products	44	155	153	144	352	289
Herring, frozen	1449	2768	4410	7194	10179	6567
Roes, salted or in ice	589	1206	1188	899	650	1172
— salted	2811	2061	1914	2093	2326	2308
— for bait	1206	1767	1539	1432	1331	2306
Fish skins, salted	1661	828	1393	1260	23	220
Shrimps and lobsters	97	36	65	82	171	178

As mentioned above considerable amount of whale products were exported during the first decade of this century, but it ceased when whaling was prohibited during the years 1915—1934.

In 1935 a concession was granted to a company to carry on whaling from one place (Tálknafjörður), but this activity ceased in 1940. In 1948 another company was granted concession to carry on whaling from Hvalfjörður (a place near Reykjavík). The export of whaling products has been as follows in 1000 kilos:

Year	Meat	Meal	Oil
1952	1488	393	914
1953	1437	593	2112
1954	1234	705	2249
1955	1907	374	1016
1956	3098	—	2750
1957	2734	—	3093
1958	2370	—	4057

A considerable quantity of whalemeat is consumed in the country.

Of the principal products other than those of the fisheries and whaling may be mentioned sealskins, ptarmigan, which are, however, protected 9 months every year, and eiderdown (which is collected in the nests of the eiderducks in numerous places round the coast).

The export in furs, skins and tanned fleeces was, during the five years period of 1954/1958 as follows (in pieces):

Year	Fox and mink skins	Seal skins	Tanned fleeces
1954	60	1812	1363
1955	287	3186	751
1956	287	2318	796
1957	478	. . .	1580
1958	427	2370	841

Agricultural Products.

The agricultural products which are now the second most important factor of the export trade, are mutton, wool and fleeces. Live ponies were also exported for a fairly long time and recently a few have been exported to Western Germany. No longer used in mines and for other hard labour they are bought for sport. During the latter half of the last century a great many live sheep were exported to England. This trade, however, ceased entirely just before the end of the last century, when the importation of sheep to Great Britain was forbidden, to the great loss of the export trade of Icelandic agriculture. It was not until after the year 1907 when slaughterhouses had generally been built in the towns and trading stations that the exportation of mutton could be run on a reasonable basis. But the exportation of salt mutton has long been attended with great difficulties and it has greatly decreased in later years, but in its place has come the exportation of frozen and chilled mutton. The principal market for salt mutton was in Norway but for frozen mutton in Great Britain. A certain amount of frozen mutton has also been exported to Denmark and the U.S.A.

Now very little is exported in the way of goods manufactured from agricultural produce. In earlier times the products of the home industry, especially knitted goods, were of great importance to the export trade of the agriculture as mentioned above.

The survey at the bottom of the next page shows the exportation of the principal agricultural products since 1901:

The Exportvalue.

The FOB value of the exports was divided as follows 1959 according to the main classes of goods:

	Mill. kr.	%
Fish on ice	26.4	2.5
— frozen	414.0	39.1
Herring frozen	14.8	1.4
Salted fish	116.8	11.0
Roes salted & frozen	21.4	2.0
Stockfish	74.6	7.0
Herring salted	98.2	9.3
Cod liver oil	31.9	3.0
Herring oil	6.1	0.6
Red fish oil	16.1	1.5

Whale oil	5.5	0.5
Fish meal	67.5	6.4
Herring meal	23.8	2.2
Red fish meal	27.2	2.6
Wool	20.1	1.9
Sheepskins & fleeces	33.5	3.2
Canned fish	9.3	0.9
Mutton	19.5	1.8
Miscellaneous	32.6	3.1
Total	1059.3	100.0

Customs Duties.

Until recently, customs duties in Iceland were almost entirely imposed in order to obtain revenue for the Treasury, but in later years the tariff policy has tended towards the protective tariff system.

About the time when the finances of Iceland and Denmark were separated just after 1870, there were imposed customs duties on wines and spirits and tobacco, and on coffee and sugar in 1890. In 1912 weight duties were imposed on most imported articles in order to make up for the Treasury's loss in tariff revenue when the prohibition of alcoholic beverages was enforced. In 1924 a temporary ad valorem duty was levied on several articles. This ad valorem duty has always been collected since then and has gradually been raised and made to cover more and more kinds of goods.

The import duties have been as follows since 1931:

Year		Specific duties in 1000 kr.	Ad valorem duty in 1000 kr.	Total in 1000 kr.	Of imported value %
1931—35	(average)	4765	1394	6159	13.4
1936—40	—	6240	3019	9259	16.2
1941—45	—	9627	34979	44606	18.6
1946—50	—	21440	61710	83150	17.4
1952		23726	106256	129982	14.3
1953		28880	142913	171793	15,5
1955		29493	152341	181499	16.1
1954		29158	180541	210034	16.6
1956		36309	218513	254822	17.4
1957		37277	176461	213738	15.7
1958		36400	249400	285800	20.4

VII. BANKS, RATES-OF EXCHANGE, AND PRICES.

Banks.

At present there are four commercial banks operating in Iceland: Landsbanki Íslands (The National Bank of Iceland), Útvegsbanki Íslands (The Fisheries Bank of Iceland), Búnaðarbanki Íslands (The Rural Bank of Iceland) and Iðnaðarbanki Íslands h.f. (The Industrial Bank of Iceland, Ltd.). All four have head offices in Reykjavík, and the three first mentioned run branches in a few localities outside Reykjavík. There is also the Central Bank (seðlabanki) charged with the issue of money and with similar functions as central banks in Scandinavia.

Landsbanki Íslands — which is the first bank in the country — was founded in 1885, commencing business in the year following. The object of the bank was to facilitate monetary transactions and to further industrial progress. Up to that time nearly all business had been conducted without cash payment. That refers to the trading of goods as well as settlement of wages. This barter arrangement and the lack of a circulating medium had been a great obstacle to the natural development of industrial life in the country.

The Law relating to the establishment of the bank authorized the Government to issue notes (for an amount of up to ½ million kronur), which would be lent to the Bank by the Treasury. These notes had neither gold backing nor were they redeemable with gold.

In 1902 another bank — Íslandsbanki (The Bank of Iceland) — was founded, and commenced business in 1904. The scope of this bank was to further and assist progress in commerce, agriculture, fisheries and industries, and generally to improve upon financial matters in the country.

This bank, the initial capital of which was 2 million kronur, mainly foreign investment, improved greatly the credit facilities and proved a valuable lever for the large financial requirements of the trawler fisheries, which was then growing in proportions, but this marked a new chapter in industrial development of the country, as previously stated.

On being established, Íslandsbanki was granted an exclusive right to issue notes for a period of 30 years. The bank should redeem the notes with gold on demand. In 1923 Landsbanki Íslands was, however, authorized to issue notes and in 1927 this bank was finally granted the sole right to issue bank notes, and at the same time it was reorganized for the purpose of being operated as a central bank. The notes from Íslandsbanki were withdrawn gradually. Íslandsbanki experienced financial difficulties and had to discontinue operations in 1929, but Útvegsbanki Íslands took over its assets and, to some extent, its liabilities.

Both the Útvegsbanki Íslands and the Búnaðarbanki Íslands commenced activities in 1930. The main object of the Útvegsbanki Íslands is to support the fishing industry and other industries and commerce, while that of the Búnaðarbanki Íslands is to render financial assistance to those engaged in agriculture.

Iðnaðarbanki Íslands h.f. commenced activities in June 1953. Its main object is to support handicraft and industry in the country. It was started with an invested capital of 6.5 million krónur, of which 3 millions came for the State.

Framkvæmdabanki Íslands although termed ,,banki" is not a commercial institution. It was founded on Febrúary 15th 1953. The intial capital is 95 million krónur. The bank is government owned. The activities of the bank shall primarily be directed toward increasing productivity in production and distribution. — The bank advises the government on investment policy and problems, and the Treasury has transferred to the bank for custody and collection the bonds of those, to whom the government has lent domestically the proceeds of foreign loans.

Rates-of-exchange.

During the war-years 1914—18 most nations dropped the gold standard, returning to gold during the first years after the cessation of hostilities. The Icelandic krona retained its gold value till the end of the war, but depreciated soon and even fell as low as 47 per cent, in March 1924, but thereafter the fluctuations had an upward trend reaching 81 per cent in November 1925. Although our customer nations went back on the gold standard (e. g. the Bank of England on April 28th 1925), the Icelandic krona never went higher than approx. 82 per cent of its gold value.

When the Bank of England dropped the gold standard again in the autumn of 1931 (September 20th) and the £ fell, the Icelandic krona followed in its wake.

The economy of Iceland was in great difficulties from 1930 until the second World War, but these were caused by low prices fetched by Icelandic exports in foreign markets and a loss of such markets when those for Icelandic klipfish in the Mediterranean countries were largely closed. Finally in April 1939 a devaluation of the Icelandic krona toward the £ Sterling was resorted to, but the rate-of-exchange had remained unchanged since October 28th 1925. The devaluation was from kr. 22.15 to 27 kronur the £, and towards other countries correspondingiy.

When the £ Sterling began to depreciate towards the U.S. $ in the autumn of 1939 owing to the outbreak of the War, the Icelandic krona followed the £ in the beginning, but on September 18th it was affirmed by Law that when the Sterling rate went below $ 4.15, the krona should follow the Dollar but not the Sterling. The exchange rate of the Icelandic krona thus attained a firm ratio to the U.S. $ from October 1939, but this was altered a little in April, 1941.

In the summer of 1940 (June 24th) a fixed rate of exchange was again established for the krona — kr. 26.22 to the £. When the £ was devaluated towards the U. S. Dollar in September, 1949, by 30,5 per cent, the Icelandic krona followed suit.

Soon after the end of the World War the exporting industries resumed the characteristics of the pre-war years, i. e.

Year		Mutton 1.000 kilos	Wool 1.000 kilos	Salted fleeces 1.000 kilos	Live ponies number
1901—05	(average)	1380	724	89	3452
1906—10	—	1571	817	179	3876
1911—15	—	2763	926	302	3184
1916—20	—	3023	744	407	2034
1921—25	—	2775	778	419	2034
1926—30	—	2943	782	392	876
1931—35	—	2540	848	411	896
1936—40	—	2745	562	351	—
1941—45	—	888	338	1217	—
1946—50	—	593	433	1440	—
1956		2316	638	2397	8
1957		2346	445	1273	124
1958		3207	293	2014	590
1959		2969	853	2579	. . .

they did not pay their way at the prices obtained for the products in foreign markets as local prices and costs of production continued to rise. Payments of subsidies out of Treasury funds to various branches of production were then resorted to in order to prevent a stoppage, but when it became obvious that the Treasury could not face these expenditures a further devaluation of the krona was resorted to. On March 20th, 1950 the rate-of-exchange was altered in such manner that the £ Sterling now equalled kr. 45.70 and the U.S. $ kr. 16.32, the rate-of-exchange towards other currencies being amended accordingly.

In February 1960 the rate of exchange was last altered and the krona devalued by 57.1% the U.S. dollar new equalling 38,10 krs. (£1=106.70 krs).

The original rate between the Icelandic krona and the Sterling was £ 1 = kr. 18.16. Official quotation of rates of foreign currencies was begun in Reykjavík on June 13th, 1922. Until the autumn of 1925 the Sterling rate was fluctuating, but from that time onwards the Icelandic krona has usually been firmly tied to the £, the rate having been altered three times i. e. in 1940, 1950 and 1960. The rates-of-exchange have been as follows: —

From 10/28-'25 to 4/4-'39: £ 1 = 22.15.
— 6/24-'40 to 3/20-'50: £ 1 = 26.22.
— 3/20-50 to 2/22-'60: £ 1 = 45.70.
— 2/22-'60 and since: £ 1 = 106.70.

During this period the gold rate of the Icelandic krona has decreased five times: — 1931 and 1949 owing to the devaluation of the Sterling and in 1939, 1950 and 1960 due to the devaluation of the krona. The gold volue of the krona which was 81—82 per cent in 1925—1931 had come down to approx. 50 per cent in 1938, decreased in 1939 to 33.8 per cent, 1949 to 23.6 per cent 1950 to 13.5% and finally in 1960 to 5.8%.

Prices.

During the first World War and the first post-war years all prices in Iceland rose steeply. The cost of living index reached its peak in 1920, for example it was 446 in October as compared with 100 in July, 1914. The index thereupon decreased little by little and was 251 in October, 1927. It remained much the same through 1930 and decreased a little further until 1931, but increased in the following years and was 271 in October, 1939. In that year alterations were made in the computations of the cost of living index and prices in January—March of that year were taken as the basis for the new index.

At the outbreak of World War II prices in Iceland soon commenced rising partly owing to an increase in prices of imported goods, but mainly owing to a rise in freights, wages and the prices of local products, in particular agricultural produce, which resulted in important changes in the cost of living. The upward trend has continued after the end of the war.

Various attempts were made during the war years and later to fight the constantly rising level of prices, e. g. by an extensive price control, prohibition against the rise of house-rent apart from small rises to compensate for the rise in costs of repairs, ceiling prices on most goods, limitations on wholesale and retail profits etc. Attempts were also made to prevent the rise in basic wages, but those attempts failed completely already in 1942.

In spite of various endeavours to keep the price level under control, the cost of living index rose steeply. Already in 1942 attempts were made to curb the rise of the index by means of subsidies on various important consumption goods, in particular agricultural goods. Subsidies of that kind are still being paid.

During 1940 wages were raised by a certain fixed percentage of the rise in the cost of living index, but from the beginning of 1941 wages were raised monthly to the full extent of the rise in the cost of living index for the previous month. From the beginning of 1948 until the devaluation of the krona in 1950, wages were tied to a fixed index at 300, but at the same time efforts were made to keep the cost of living index down, by Treasury subsidies.

Simultaneous with the currency devaluation in 1950, several changes were made in the calculation of the cost of living index, and the prices ruling in March 1950 were taken as a basis for the new index. From the same date there has been worked along with the cost of living index, a special wages index, according to which increases in wages have been fixed, though within certain limits.

There have been great rises in wages as the result of direct rises in basic wages plus cost of living compensations. The hourly wage rate, for example, for unskilled labour, which had been kr. 1.45 during the last two years before the war, had risen to kr. 18.80 by the beginning of 1958 or, in other words, had increased 12.97 times. Apart from the rise in wages labourers have obtained various other improvements in conditions, such as the shortening of daily working hours (from 10 to 8), payment of vacation-fees (6% of day-time wages), and a wage-increase for overtime (50%) and holiday-work (100%). Before the war, the same rates were paid for all unskilled labour, but now various kinds of unskilled jobs are paid for at a higher rate than the ordinary. At the beginning of 1958, there were in force nine different rates for unskilled labour and the difference between the highest and the lowest rate amounted to about 41 per cent. Other wage-earners have obtained wage-increases and improvements in working conditions, corresponding to those obtained by unskilled labourers.

Simultaneously with the devaluation of the krona in 1960 the practice to tie wages to the cost-of-living index was abolished by law. Compensation to wage earners for the sharply rising import prices is partly paid with an increase in family allowances and partly by subsidising certain consumer goods.

The following table shows notes in circulation, import and export indices, the cost of living index and the building index, and hourly wage rates for unskilled labour:

	Notes in circulation pr. 31st. December			Price-indexes of		Indexes of:		Wage rates	
	Millions of kronur	Per capita kronur	Per capita index	Imports	Exports	Cost of living in Dec.	Cost of building	Kronur per hour Dec.	Index
1939	13.6	113	100	100	100	111	100	1.45	100
1941	51.0	417	369	166	233	177	197	2.54	175
1942	108.0	871	771	205	247	272	286	5.46	377
1943	144.7	1149	1017	236	212	259	340	5.44	375
1944	167.4	1310	1159	231	217	273	356	6.64	458
1945	177.4	1361	1204	214	221	285	357	6.96	480
1946	166.7	1256	1112	217	250	306	388	8.03	554
1947	107.0	787	696	244	272	328	434	9.13	630
1948	175.3	1266	1120	275	278	326	455	8.40	579
1949	183.7	1302	1152	274	259	340	478	9.24	637
1950	197.5	1375	1217	456	384	127	527	10.70	738
1951	197.6	1348	1193	588	472	151	674	13.31	918
1952	221.1	1485	1314	602	485	162	790	14.60	1007
1953	280.9	1842	1630	553	480	158	801	14.60	1007
1954	277.7	1789	1583	532	479	160	835	14.69	1013
1955	313.3	1967	1741	528	488	174	904*	17.56	1211
1956	347.9	2149	1902	545	490	186	904*	17.96	1239
1957	362.8	2181	1930	567	494	191	1134	18.80	1297
1958	407.4	2396	2120	567	494	220	1298	23.86	1646
1959	412.2	2383	2109	534	494	100(202)	1279	20.67	1426

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* Fixed from September 1955 to February 1957.

The Cost of Living Index. When the krona was devaluated in 1939, it was decided to compute a cost of living index on the basis of that year's prices, in order to have reliable information about the alterations in prices that would be caused by the devaluation. This index was based on the average expenses of a family of five, in Reykjavík, in accordance with the most reliable information available.

The basis for the computation of the cost of living index has been unchanged in the main since then, but in connection with the devaluation of the krona in 1950 it was decided to take the index for March of that year as a new basis. In December 1950 the new index, based on 100 in March 1950, was 127. (wage index 115). A new basis was again established in March 1959. The main change from that, of 1939 is due to different habits of consumtion of the average family: higher standard of living where a greater part of the income is spent on housing and recreation and less on food.

As stated above, the cost of living index has been kept down by subsidies on various consumer goods. The reduction of the cost of living index and the relative subsidies out of treasury funds have been as follows since 1946:

Year	Reduction in the Cost of Living Index pr. 1st Oct. each year	Treasury subsidies
1946	35.0 points	16.2 mill. kr.
1947	55.0 —	35.9 — —
1948	64.0 —	44.6 — —
1949	62.5 —	36.4 — —
1950	7.3 —	25.2 — —
1951	6.0 —	22.7 — —
1952	6.7 —	26.1 — —
1953	10.7 —	48.6 — —
1954	10.7 —	52.3 — —
1955	12.4 —	54.3 — —
1956	15.9 —	66.6 — —
1957	20.9 —	101.5 — —
1958	22.4 —	130.0* — —

Wage-rates: The hourly wage rates shown in the table are day-time rates for ordinary unskilled labour but, as stated before, higher rates are paid for certain unskilled jobs, and for overtime and holiday work.

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